

AMERICAN NEWS

'Not enough evidence' to prosecute Meese

By Nancy Dunne in Washington

MR Edwin Meese, the US attorney general, filed a false 1985 income tax return and violated criminal conflict-of-interest statutes, but evidence against him is insufficient to warrant prosecution...

Democratic aides set to bury their differences for Dukakis

Stewart Fleming in Atlanta profiles two veterans of the Kennedy era with a key role in this week's convention

Stewart Fleming, who was President Jimmy Carter's top domestic policy adviser, first encountered Governor Michael Dukakis's 35-year-old campaign manager, Miss Susan Estrich, in 1980.



Governor Dukakis and Mr. Jackson at their press conference yesterday

whose determination shows when she clenches her teeth, jets out her jaw, and smiles broadly all at the same time, has masterminded the construction of a nationwide cam-

aign organisation to rival the Republican machine established over almost a decade by Vice President George Bush, the certain Republican candidate for President.

For the past few days, however, she has been one of a handful of Dukakis advisers who have been intermittently closeted with top aides to the Reverend Jesse Jackson, trying to defuse the threat to party unity posed by the magnetic black leader's demands that he and his staff be given a leading role in the election campaign in the autumn.

Like most party leaders here, Mr. Eisenstat has been convinced for some time that Mr. Jackson, after exploiting the leverage he has to the limit,

would reach an agreement with the Dukakis camp. "Jackson knows he will have greater influence in the party."

But, because he sees Mr. Jackson as the leader of the left-wing rump of the Democratic Party and because Mr. Jackson is not a man who is easily controlled, he concedes that this integration may not be easy to accomplish.

On the other hand, because Mr. Jackson is black, Mr. Eisenstat says the Democrats cannot turn their back on him. Not only is the black vote "very critical in the South," he says, in addition to reject Rev. Jackson would be "to turn our backs on our history and some of our party's proudest moments," fighting for civil rights.

both campaigns to work together to resolve their differences. On this score, it has certainly helped that the man who has been leading Mr. Jackson's team, Mr. Ron Brown, an extraordinarily able lawyer and an experienced political operator well-known in the Dukakis camp.

Mr. Brown is another veteran of Senator Edward Kennedy's Senate staff working as deputy campaign manager in 1980 at the same time as Miss Estrich.

Subsequently, in 1980 during a stint at Harvard's Kennedy School of Government in Boston, Massachusetts, Mr. Brown got to know several of the people involved in the Dukakis campaign.

CONVENTION NOTEBOOK

Jackson, consummate newsmaker, towers over press corps

By Lionel Barber in Atlanta

MUCH has been made of the Rev. Jesse Jackson's appeal to the poor folk of America, but not enough has been said about the pull he exerts over the national print and broadcasting media.

Without Mr. Jackson and his pre-convention antics many of the 13,500 scribes here in Atlanta would be out of a job. He is the consummate newsmaker, whose pre-convention antics assured that he - rather than the Democrats' certain presidential nominee, Governor Michael Dukakis, would dominate the nearly headline-free Jackson campaign.

To say that the assembled press corps collectively swooned would be an exaggeration, but it is accurate to record that many a man and woman pressed through the crowds to shake hands and exchange words with Mr. Jackson, preferring to conduct negotiations on the election platform and future campaign strategy through his senior staff, led by his old Harvard class mate, Mr. Paul Broutman.

The underlying question is what is the nature of the relationship between Mr. Jackson and Mr. Jackson. One of the governor's friends from Massachusetts says that Mr. Jackson's basic misunderstanding is to treat Mr. Jackson like any other ethnic immigrant. "He thinks that blacks started off like Greek American immigrants," said the friend, "but he forgets the history of slavery and all the other barriers for blacks."

campaign oversight because there were more syndicated columnists per square foot than in most places in town that night. Then again, the governor initially sought to avoid a direct meeting with Mr. Jackson, preferring to conduct negotiations on the election platform and future campaign strategy through his senior staff, led by his old Harvard class mate, Mr. Paul Broutman.

The absence of Governor Dukakis at the Atlanta Constitution party may have been a

given short shrift to special pleading by blacks - seeking instead to make individual achievement and enterprise, the ultimate measure of civic merit. Who said the "Duke" and Mrs T had little in common?

Majestic Cronkite The majestic Mr. Walter Cronkite is back in the air this year. CBS News has placed the veteran anchorman next to his successor, Mr. Dan Rather, described by a colleague as a "40-ton bundle of dynamite."

never been relaxed about sharing the screen, and his relations with Mr. Cronkite turned sour last year after he stalked off the air when CBS coverage of the US tennis Open cut into his news broadcast. Mr. Cronkite suggested he should be dismissed.

Mission to explain Americans have always felt "a mission to explain" is part of the political fabric. But it is hard to convey the extraordinary range of facilities afforded to those who are attending the convention, the first in the Deep South since 1860.

Of course, there have been moans about the cramped space inside the Omni convention hall - a mere basketball stadium - but the adjacent World Congress Centre has a stunning array of exhibitions and information available about the city of Atlanta and this week's political deliberations.

The space given to the world media amounts to several acres, more than two football fields placed end-to-end with special pedestrian paths such as Harry S. Truman Boulevard set up so no-one gets lost. The place is packed full of reporters, secretaries, computers, hook-ups, link-ups, hot-lines, and other electronic sophistry which sends the convention tyro's head spinning. And then there is the "Dial a Professor" - an instant comment and analysis on the week's events provided, via the telephone, by the dons of Atlanta's top universities, Emory and Georgia Tech.

Tight security Mr. Andrew Young, the black mayor of Atlanta who served as President Jimmy Carter's ambassador to the United Nations, is obviously determined to avoid any security problems during the convention. Not only is the city's police out in force, but also the state troopers, with their wide-brim moustie-style hats, are everywhere, backed by SWAT teams in combat fatigue and polished black army boots.

In normal circumstances, the answer would be "No." But in this hotel, home of the Democratic delegation from Rhode Island and Iowa, no one is taking chances. The last thing Mr. Young wants is another liberal mugged by reality.

Death toll rises in Brazil drug swoops

By Ivo Dawson in Rio de Janeiro

A HAIL of gunfire and a fresh harvest of corpses announced a new crackdown at the weekend by Brazil's federal police against Rio de Janeiro's tenuous cocaine traffickers.

raids carried out for the most part in the unpopulated alleys of Rio's favela shanty towns, normally "no-go areas" for honest cops.

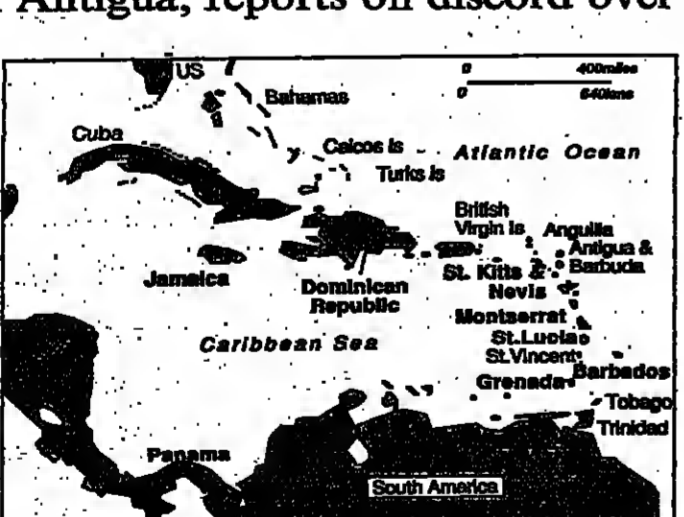
Brazil's war against the drugs trade. It follows on directly from February's bust of Mr. Antonio "Little Tony the Turk" Nicolan in which 30 alleged dealers were arrested at 37 selling points.

cocaine in the city - have also revealed, however, a long-feared close linkage between the drugs gangs and the local police themselves.

Caribbean balks at US policy

Canute James, in Antigua, reports on discord over narcotics

AFTER their annual summit in Antigua earlier this month, the 13 political leaders of the Caribbean Economic Community (Caricom), wrote to President Ronald Reagan complaining about "a matter which threatens to create discord and division between the friendly nations of the region, on the one hand, and the United States on the other."



plices to justice, according to Mr. Lester Bird, deputy prime minister of Antigua. "Many of the narcotics are smuggled to hot spots within their own boundaries."

The letter to Mr. Reagan makes the point that the Caribbean Community countries, like the US administration, are against the illegal trafficking in narcotics, but it complains of "accusations are made in highly publicised proceedings by persons who are often convicted felons" and who "are permitted to assassinate the character of individuals outside the United States without regard for the rights of innocent persons."

The leaders agreed that the US was being overzealous in its attempts to curb the illegal trafficking in narcotics. The Caribbean leaders, in tones which indicate restrained anger, say Washington is overreaching itself, indulging in extra-territorial jurisdiction, undermining the sovereignty of the countries of the region and tampering with the judicial process in several states.

With increased efforts to curb the flow of narcotics to the US, particularly cocaine from South America, smugglers have turned to the Caribbean archipelago, piggy-backing on established marijuana smuggling routes.

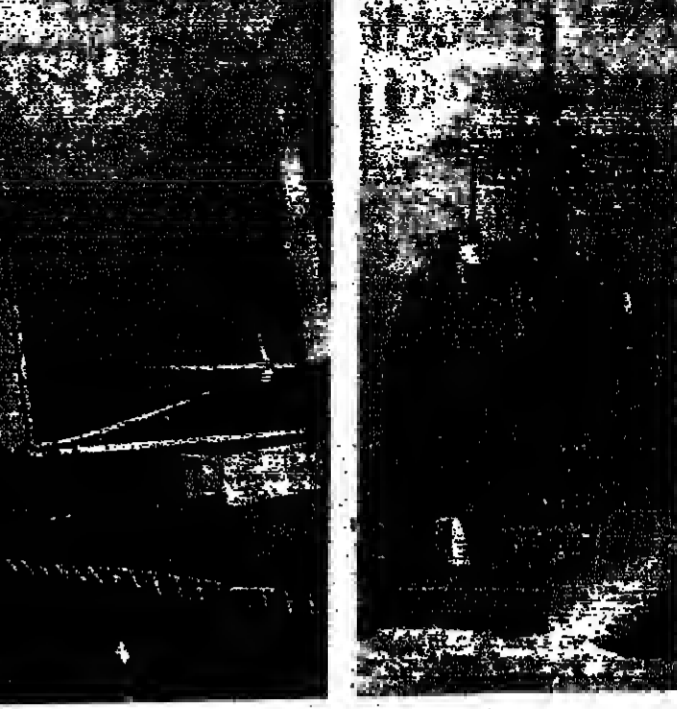
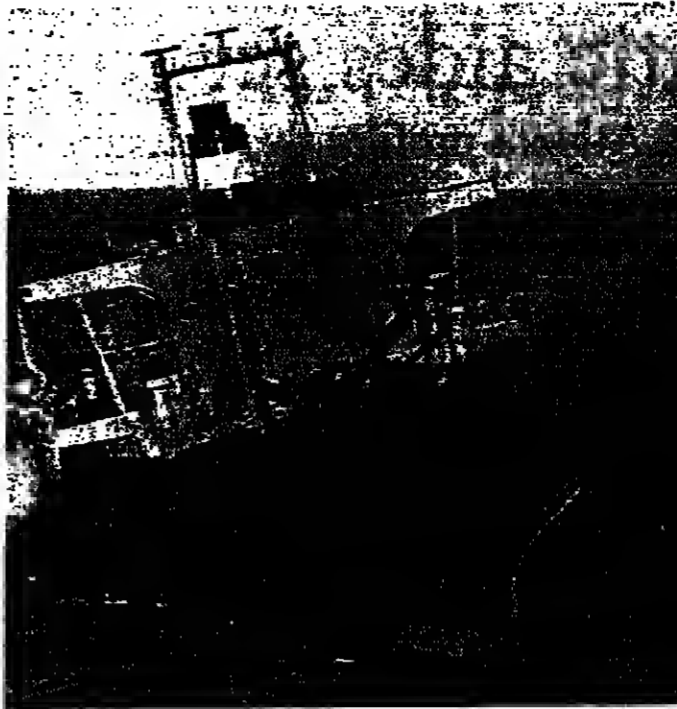
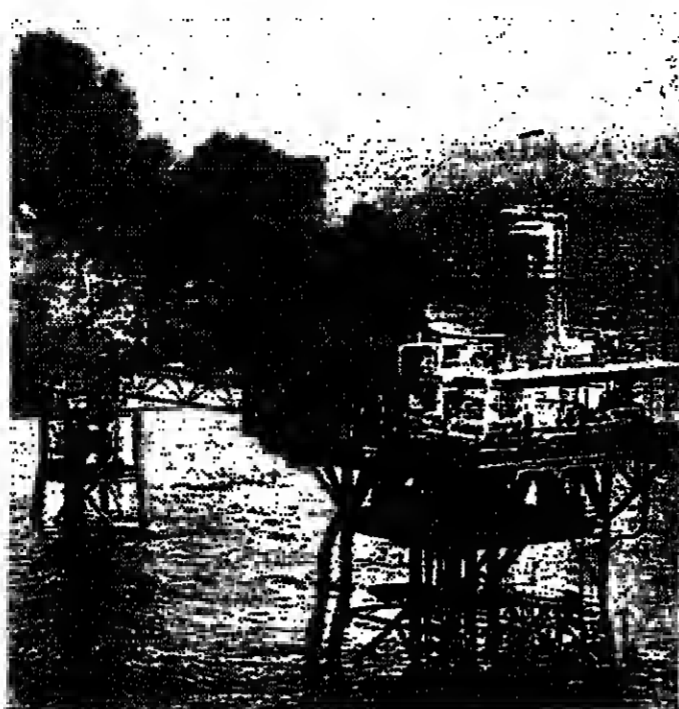
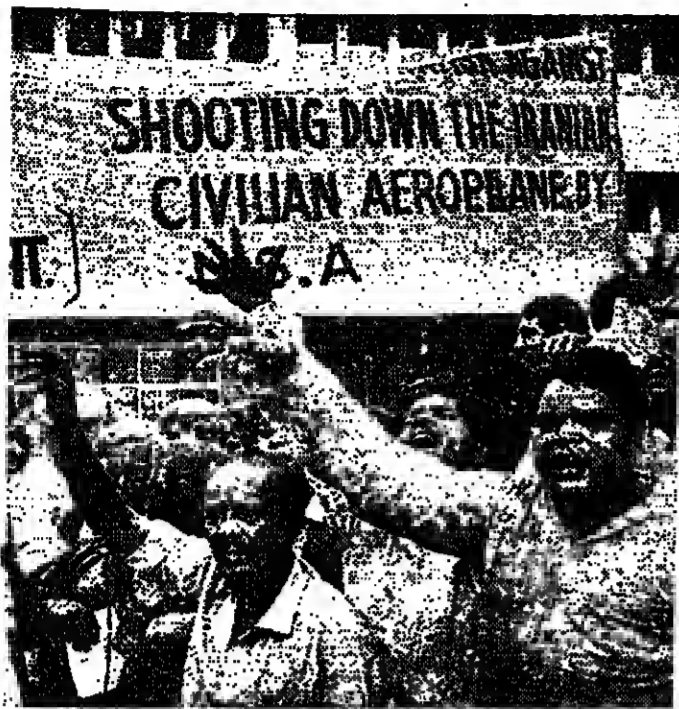
told by a convicted US drug smuggler that Mr. Edward Seaga, the prime minister of Jamaica, was a beneficiary of profits from smuggling.

More recently, efforts are being made in the US to indict St. Lynden Pindling, the Prime Minister of the Bahamas, over allegations of profit taking from drugs. A recent Senate hearing in Washington was

Caribbean leaders are not objecting to efforts to deal with drug smuggling and bringing smugglers and their accomp-

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CEASEFIRE IN THE GULF



Wary Iraq adopts cautious optimism over ceasefire

By Robin Allen in Baghdad

EARLY OFFICIAL Iraqi reaction to Iran's acceptance of UN Resolution 598 was one of extreme suspicion and wariness. Mr Latif Nassif Al-Jassem, Information Minister, said Iraq was keen to achieve peace according to the five principles laid down in August 1986 and repeated by President Saddam Hussein in his speech on Sunday marking the twentieth anniversary of the Baath Socialist revolution.

Beyond that, Iraq had "no official knowledge of the nature of Iran's message to the UN Secretary General and we are still dealing with a news item announced from Radio Iran only". Mr Al-Jassem said: "The Iranian High Command statement explaining the reasons that caused the Iranians to adopt a new stand had not stemmed from a true wish to establish peace between the two parties and sign a lasting and comprehensive peace accord."

aggressor - "a language that stresses Iran's previous language." Their statement, he added, "came from the same source that issued a call for general mobilisation - and the one who wants true peace does not need general mobilisation. According to our previous experience with the Iranian regime, duty necessitates we be vigilant and in a state of preparedness until peace is really achieved."

clear the UN could not enforce the resolution. They also pointed out that Iraq is emphatic about having unimpeded access to the Shatt Al-Arab waterway and that the enforcement of this and other measures will be an arduous process replete with accusations of treachery and aggression from both sides.

tion, however smallscale. Iraq is in an economic straitjacket but people's expectations could rise sharply if the ceasefire was enforced and prolonged. Iraqi morale has improved since the February missile attacks on Tehran and especially since the recovery of Iraqi territory which started in April.

Before the war Iraq was a country of widely differing religions and ethnic groups and diplomats say the conflict has stamped the country with a national identity out of sheer necessity, a cohesion maintained by the state with great force. It is not likely to relax this force now. It is accepted that President Saddam Hussein

has an extraordinary grip on the country which will not be relaxed. Iraq is believed to be spending about \$5.6bn annually on military imports, which is largely responsible for a balance of payments deficit last year of some \$6bn. They will need a large standing army for a long time and renewed lines of credit from creditor countries who are becoming increasingly concerned with the range of short term debt payments.

Security Council resolution

RETRACTS from United Nations Security Council Resolution 598 (1987) adopted by the Security Council at its 3,756th meeting on July 30 1987. The Security Council, reaffirming its resolution 582 (1986), deeply concerned that, despite its calls for a ceasefire, the conflict between Iran and Iraq continues unabated... deploring the initiation and continuation of the conflict, deploring also the bombing of purely civilian population centres, attacks on neutral shipping or civilian aircraft, the violation of international humanitarian law and other laws of armed conflict and, in particular, the use of chemical weapons contrary to obligations under the 1925 Geneva Protocol...

Ceasefire may take effect in 10 days

By Robin Pauley, Asia Editor

MR Javier Perez de Cuellar, the UN Secretary General, said yesterday he hoped a ceasefire between Iran and Iraq could take effect in a week or 10 days following Iran's acceptance of a Security Council ceasefire resolution.

of Defence said in London last night: "We are monitoring the situation carefully. Until the tensions in the Gulf are clearly seen to have reduced, it would be premature to change our pattern of operations." The Foreign Office was more optimistic, saying the Iranian move was an extraordinary and very welcome breakthrough. "On the face of it, it looks like we are on course for peace. All the signs are good," said another.

Shippers give cautious welcome

By Lynton McLain

THE PATTERN of commercial sailings in and out of the Gulf is unlikely to change a great deal in the immediate future, despite the acceptance by Iran of the ceasefire which appears to have lifted the threat of military action against tankers operating in the Gulf.

UN enjoys new-found confidence

By James Buchan in New York

THE SURPRISE Iranian announcement was yesterday hailed as a long overdue fillip for the United Nations, which has seen its prestige and credibility as a world peacemaker drain away through nearly eight years of the war.

Marine insurers relieved but still sceptical

By Nick Bunker

WAR-WEARY marine insurers at Lloyd's of London greeted reports of an end to the Gulf conflict yesterday with expressions of gratitude leavened with a degree of scepticism.

Other Overseas News

Free Mandela, says Afrikaner newspaper. AFRIKANERDOM's biggest circulation daily newspaper, Beeld, yesterday called for the release of Mr Nelson Mandela, the jailed African National Congress leader, in an editorial marking his 70th birthday.

Hong Kong boat people evacuated

By Our Correspondent in Hong Kong

NEARLY one thousand Vietnamese boat people living on board two ferries in Hong Kong harbour were evacuated to shore camps yesterday, as Typhoon Warren approached.

Shamir denies PLO deal on West Bank

By Our Correspondent in Jerusalem

IF ISRAELI had any doubts that they were on the threshold of one of the most acrimonious general elections in 40 years, they must have been alerted by a bitter exchange yesterday between Mr Yitzhak Shamir, the right-wing Likud Prime Minister, and a Labour member of his "national unity" Cabinet.

Shultz stirs anti-American feeling in S Korea

By Our Correspondent in Seoul

MR George Shultz, US Secretary of State, yesterday stirred up rather than soothed growing anti-American feeling in South Korea with trenchant remarks on one-sided trade practices.

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Auditors lose claim for Bank indemnity
ICOPPE

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BMW wish to announce the forthcoming sale of a true masterpiece.

A strictly limited edition of the M635CSi.

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tearing along the fast lane of the Autobahn.

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Finest hand-stitched Nappa leather abounds. It clothes the doors, the fascia and the electrically adjusted seats. 27 metres in all.

Step outside and you will find ellipsoidal headlights that give 30% more light, regenerating bumpers and twin tube gas filled shock absorbers.

But perhaps 1988 is not your lucky year. Perhaps you won't be one of the fortunate few.

Then take a good look at the slightly less rare

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Its 3.5 litre engine is capable of a slightly more sedate 140 mph with a 0-60 time of 6.8 seconds.

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So, the choice is yours. The rare M635CSi or the medium rare 635CSi.

Whichever you choose you'll be ending up with a car most people will only dream of.



THE ULTIMATE DRIVING MACHINE

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FINANCIAL TIMES SURVEY



Since Mr Haughey took power early last year, exports have boomed and public spending has fallen.

But there is little sign of growth in the domestic economy. Relations with London have cooled, though 40 per cent of trade last year was with the UK, writes Kieran Cooke

Tackling the tough issues

SPORT, not politics or the problems of the economy, has provided the main Irish news over the past year. When an Irishman, Mr Stephen Roche, won the Tour de France cycle race last summer, a quarter of a million people, or nearly 10 per cent of the Irish population, turned out at Dublin airport to welcome their hero back. Last month, when the Irish football team returned from their first-ever foray into the finals of the European football championships, there were similar scenes. Ireland had not won, nor had it reached the semi-finals. But it had beaten England. Most of all, it had shown Europe its competitive abilities and sportsmanship. Sporting achievements have been reflected in other areas. Even the budgetists would admit that important changes have taken place in Ireland over the past 18 months. The public finances, for long floating on a fiscal cloud, have been brought down to earth with a resounding thud. For the first time in many years, there is a substantial degree of confidence in the performance of the Irish economy.

During its first 18 months in office, the minority government of Mr Charles Haughey, the Irish Prime Minister, has achieved a large measure of political stability. Fiscal adjustments were a matter of the utmost necessity: if borrowing and spending levels had continued along the pattern of the late 1970s and early 1980s Ireland, in the not-too-distant future, would have been spending its entire GNP on debt servicing. This followed the disastrously prodigal period of the 1970s, when the government borrowed its way into a bout and the years of decline in the early 1980s when the seriousness of Ireland's economic position became all too apparent. "The firm action we took has brought an almost miraculous improvement in a very short space of time and confidence in the Irish economy both at home and internationally has been restored," Mr Haughey told an audience in New York recently. But many observers would say that despite considerable achievements, the modern Irish miracle is still some way off. Large-scale cutbacks in public expenditure have

reduced the level of government borrowing by a third. But the national debt, at more than £26bn or 123,000 for every household in the country, is still a cause for concern. Exports have boomed and for the first time in 20 years there is a current account surplus. But any sign of a downturn in the western economies could have serious consequences on the Irish recovery. There is little sign of growth in the domestic economy and investment is far from buoyant. Many of the fundamental ills of the Irish economy have, however, been tackled. Mr Haughey has shown considerable *chutzpah* in taking what would in the past have been politically disastrous decisions. His government has had a very good sense of timing. It seems the Irish people had already clearly realised the seriousness of the situation and was prepared for tough measures. The cutbacks have led to an unemployment rate of 19 per cent, second only to Spain in the European Community. But the position would be a great deal worse and possibly politically unsustainable if emigration was not at its high-

est level for some years with more than 80,000 mostly young, educated Irish people leaving the country every year in search of jobs. At the same time, population growth has slowed considerably. In the 1981 to 1986 period, the population grew by 2.7 per cent. In the 1971 to 1981 period, the population went up by 15.6 per cent. Both these factors have eased the impact of the government's radical exercise in cost-cutting. Some, including members of the IMF and the European Commission, feel the Irish government should now try some mild reflationary measures to force a little movement in the domestic economy. But Mr Haughey and his small circle of key advisers, including Mr Ray MacSharry, the Minister for Finance, seem intent on continuing to administer the bitter economic pill while there is still the public taste for it.

IRELAND

The Government likes crisis management. Mr Haughey's popularity and that of his Fianna Fail Party have never been higher. Yet there seems to be no wish to go to the country in search of a majority in the Dail, the Irish Parliament. A sense of siege suits current government style. Favours and dispensations have been a common feature of Irish politics. Mr Haughey came to office with the pledge of "No strokes, no deals." With a parliamentary majority, members of the governing party might show more rebellious colours and be tempted to press for constituency favours. Mr Haughey is very much a "hands on" premier. He has exerted his influence on political developments in Northern Ireland, realising that continuing violence north of the border can only have an adverse effect on economic and political developments in the Republic. He has also become directly involved in the difficulties surrounding the Anglo-Irish relationship, particularly since the illness of Mr Brian Lenihan, the Minister for Foreign Affairs and one of the few people in government with experience and stature equal to that of the Prime Minister. It has not been a good year for relations between London and Dublin. At times the two countries seemed separated not just by the Irish Sea but by a whole world of differing perceptions and ideas. Yet through the long list of problems, some of them very serious, dialogue has been maintained. Mr Haughey has won considerable praise for not giving in to some of the more strident anti-British voices on his back-benches and has emerged with statesmanlike credentials. The Anglo-Irish agreement is

still very much alive and Mr Haughey and Mrs Thatcher, the British Prime Minister, are on cordial, if not over-warm, terms. The future of Ireland and Britain is intertwined and will become closer following the full integration of the EC in 1992. Millions of Irish people live and vote in Britain. In 1987

nearly 40 per cent of Ireland's total trade was with Britain. Most importantly, the manager of Ireland's football team, Mr Jack Charlton, is English. Nicknamed "St Jack" after his team's performance in Europe, Mr Charlton has now been made an honorary Irishman. performed very well. While Irish governments have built up a reputation for being "good Europeans" in their conduct of EC negotiations, the country remains culturally part of the Anglo-American world. The low priority of spoken European languages in schools and universities reinforces Ireland's isolation as "an

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□ (left) The Dublin crowds give football manager Jack Charlton, flanked by Carmelita Hederman, the city's Lord Mayor and Mr Brian Lenihan, the country's Foreign Minister, a tremendous welcome on his return from Germany last month.

KEY FACTS

Population	3,537m
Area	70,000 sq km
GDP	\$18.2bn
Unemployment (May 1988)	235,000 (19% of workforce)
Inflation (1987)	3%
Debt/GNP ratio (1987)	138.9%
GNP	£12,398bn
Rate of exchange (July 4 1988)	£1 = 86.7p
Current external account (1987)	surplus of \$400m
Imports (1987)	£9,155.2bn
Exports (1987)	£10,725.5bn
Emigration (1987)	30-35,000

We're reaching out to meet your needs.

Since we were founded in 1783 our customers' expectations have grown. And so have we.

We've grown from a bank to a financial services corporation, with a large retailing network in Ireland, and with business units specialising in instalment credit, life assurance, corporate finance, investment management and house finance.

We've expanded into Britain, where we also have a branch network and units specialising in instalment credit, home mortgages and fund management.

We continue to grow. With offices in Brussels, Frankfurt, Hong Kong and New York. And plans for a major expansion of our Group in North America have recently been announced.

With our experience in capital markets and global finance, we've become the leading interbank and foreign currency dealer in Ireland.

We've learned one thing over the years: your expectations don't stand still.

So neither do we.

Bank of Ireland

Now, what can we do for you?

IRELAND 3

Millenium celebrations

The Dublin bandwagon

IN CASE any visitor to Dublin has not noticed, 1988 is the year Ireland's capital city is celebrating the Millennium...

Alongside all the pagantry and paraphernalia, which includes Millennium wine (vegetable and rather catholic) Millennium milk bottles, umbrellas and, of course, tee shirts, there is a serious side to the festivities...



Industrial output makes up 80 per cent of the country's exports

MANUFACTURING has been virtually the sole engine of growth in the Irish economy for all of the 1980s. Output has grown 47 per cent in volume terms since 1980, resulting in a near-doubling of the volume of exports over the same period.

Industry

An exports boom

owned manufacturers employ 77,000 people. They are largely concentrated in a small number of sectors including electronics, chemicals, pharmaceuticals and office equipment. The foreign companies have been attracted to Ireland by the Industrial Development Authority (IDA)...



exports which at 152.6bn now represent 80 per cent of total exports. This proportion seems likely to increase further as restrictions on the EC's Common Agricultural Policy (CAP) cuts agricultural output. Mr Liam Connellan, director-general of the Confederation of Irish Industry (CII), argues that Ireland, with its small open economy, has no choice but to go for an export-led recovery...

Taxation

Helping foreign investors

SOME IMPORTANT tax changes have been brought into law as a result of the Finance Acts 1987 and 1988, both in respect of corporate and personal taxation. The Irish Government, no matter of what particular political persuasion, has been dedicated for several decades to encouraging investment in the state, by foreign industry.

- which has commenced. The development consortium aims to build:
- more than 750,000 sq ft. of financial service office buildings
- 300 residential apartments
- cultural centre, to include three museums, among them a children's science museum
- over 50 shops, pubs and restaurants
- several cinemas and theatres
- an international hotel with 300 bedrooms
- a 1,500-seat conference and exhibition centre
- underground car parking for nearly 2,000 cars
- a training centre
- a helicopter port

brochure activities. (4) Back office operations such as the provision for non-resident persons of services or facilities for processing, control, accounting, communication; clearing, settlement or information storage in relation to financial activities. Furthermore, activities will be permitted in respect of the development or supply of computer software for use in the provision of the services or facilities of the type just noted.

Charting a Course in International Communications. A large advertisement featuring a map of the world and text about international communications services, including newspaper and magazine distribution.

ARAN Aran Energy plc. Aran Energy plc is Ireland's leading independent oil and gas exploration and production company. Its main activities are in the United Kingdom and Ireland offshore sectors where it has interests in a total of 84 offshore blocks...

Personal income taxation remains relatively high, particularly when compared with the substantial decline in personal tax rates in the UK. However, the Irish Government has embarked upon a programme to bring personal taxation rates down while, on the other hand, working to improve the returns to the Exchequer by increasing the powers of the Irish Revenue Commissioners to provide a broader base for tax liability and a much more effective collection procedure.

Dan White

IRELAND 4



The customs post between Monaghan and Armagh; and horse-riding at Turnpike Rock, Gap of Dunloe, Killarney

Potential of the industry has not been realised — Haughey

The case of the missing tourists

IRELAND, as anyone who has ever been there will tell you, has some of the most beautiful and unspoilt scenery in Europe. It has a small population and miles of isolated countryside, 680,000 acres of lakes and 9,000 miles of river.

Yet the story of Irish tourism is not a particularly successful one. Last year 2,037m tourists visited Ireland, a 12.4 per cent rise over the 1986 figure. Revenue from tourism has steadily increased from £417m in 1981

to £685m in 1985 to £721m last year.

Such growth figures are only modest compared to much of the rest of the world. "It is now clear that we have been failing to realise the potential of our tourist industry. During the last decade, when world tourism markets were growing buoyantly, we either lost market share in some countries or our share remained static in others," said Mr Charles Haughey, soon after taking

over as Prime Minister in March last year.

Most alarming for the government is that in recent years Irish people going abroad have spent more than the country earned from incoming tourists.

In January 1987 a special tourism task force was given four weeks and a budget of £4m to come up with new ideas for promoting Ireland overseas. One result has been a "write and invite" campaign under which about 3m cards

were distributed within Ireland asking people to write to contacts overseas about the holidays available within the country and the new air fares and routes which have made travel to Ireland cheaper and more convenient.

So far, nearly 100,000 replies to the cards have been received. It is hoped that foreign tourist revenue will climb to £900m this year and be over £1bn by the end of 1988.

Bord Failte, the Irish tourist board, is putting emphasis on "theme holidays," with all-inclusive golf, riding, sailing and fishing expeditions, carefully tailored to the tastes of the foreign visitor.

The board wants to see a growth in tourists from mainland Europe, particularly Germany and Holland. Last year well over half the tourists who came to Ireland were residents of Great Britain while 378,000 came from the US and Canada.

Most of these tourists are of Irish extraction. The government recognises that action is still needed to be done to attract those who have no previous connection with the Emerald Isle.

However, Bord Failte, along with other government bodies, has seen its budget cut and its resources for vital overseas marketing are limited. And there are other problems. The ongoing violence in Northern Ireland is still an important factor in discouraging tourists, especially those who are first-time visitors from Britain.

Ireland is not as unspoilt as it once was: there is increasing

pollution in many rivers and lakes and a rash of ill-conceived and unplanned building has cast a blot on areas of once beautiful countryside.

Moreover, Ireland is still an expensive country. It needs to make itself far more internationally competitive if ambitious tourist growth projections are to be met. Mr Haughey's government is keenly aware that action is needed. "A second-rate tourist industry will not meet the requirements of our national economic recovery," says the Prime Minister.

Communications

The skies are open

WHEN THE Channel Tunnel is completed, Ireland will be the only country in the Community not connected to mainland Europe.

Improved communications and the need for frequent and cheap services in and out of Ireland are becoming increasingly vital. Already there has been something of a revolution in the skies. Now a London/Dublin air ticket can be purchased for as little as £29 one way. Two years ago the fare would have been three times that.

Low air fares have brought a dramatic increase in passenger traffic. Over the past two years passenger traffic between Dublin and London has grown by 65 per cent. Passenger numbers at Ireland's three main airports — Dublin, Shannon and Cork — totalled 5.2m last year, an

increase of 18 per cent over 1986.

Perhaps most significant of all has been the opening up of the more remote areas of Ireland to aircraft traffic. A new airport at Knock, in the west of Ireland, has been open under two years but is already turning in a small operating profit.

The critics said Knock would never work, but the bookings seem to have proved them wrong. Each week this summer more than 40 direct London flights will be going to Knock. And Sligo, in the north-west of the country, is another airport which has seen a dramatic growth in traffic.

Not only has the Irish government liberalised air transport with other countries — most notably signing a far-reaching access agreement

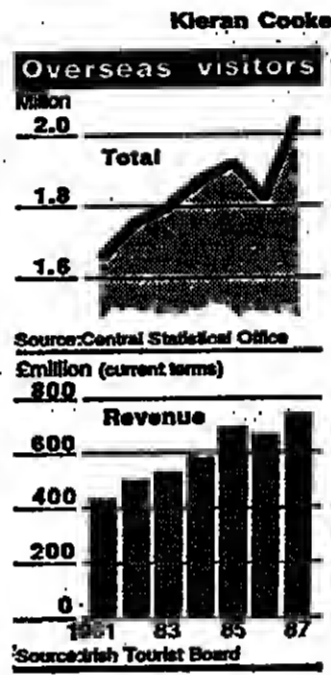
with Britain late last year — it has also allowed greater competition in the home market.

Competition between Aer Lingus, the state carrier, and Ryanair, an independent airline which started operation in early 1986, has become exceptionally fierce, particularly on the profitable London route.

British Airways, Dan Air and Virgin Atlantic have all cutfares. A multitude of new routes has been opened.

For the passenger, who for too long had to pay some of the highest per mile fares in the world to fly in and out of Ireland, the new "open skies" policy is very good news. For Ireland, it is a vital development in its integration into the rest of Europe.

Kieran Cooke



Stock market Better than Tokyo

ANYONE WHO survived the Crash of 1987, or who had funds to spare afterwards, would have done very well by investing on the Dublin stock exchange this year.

The Dublin market proved one of the most volatile in the post-crash period. Within three weeks of Black Monday, the equity market had lost 40 per cent of its value. The exposure of many leading Irish companies to the US, especially Jernigan Smurfit, which accounts for 20 per cent of the market valuation, led to heavy mark-downs amid fears that a major US recession was imminent.

Those fears have receded, and as they did so, the market rebounded. The result is that it has gained 45 per cent during 1988, far exceeding the rises in London and New York and beating even Tokyo's 31 per cent increase.

Brokers believe the market is fairly valued again in comparison with London and other centres, and expect it to track the international trends for the rest of the year. But it has been a nerve-racking ride for all concerned.

Turnover on the Dublin Stock Exchange last year was over £38bn, a 37 per cent increase on the previous year. Not surprisingly, it was a record year for equity turnover, but at £4.95bn, it highlighted the fact that trading in government bonds, or gilts, is much the more important part of the market.

Stockbrokers, however, rely more heavily on equity dealings for their income and the steep decline after the crash sent nervous tremors through their offices in the environs of the Stock Exchange in Anglesea Street. Many of those same offices had been much expanded during the boom, with an emphasis on front office share shops where callers could inquire about investment or complete transactions.

At the bottom of the trough in December, equity turnover in one account period fell to £48m, a far cry from the record £374m set in the account period to October 23. There was talk of lay-offs, amalgamations, even failure among broking firms. In the event, little blood was spilled, although there has been general tightening of costs all round.

The country's biggest broker, J & E Davy, moved up the street to plush new offices and an expanded dealing room on the site of the old Hibernian Hotel. Two of the older firms, Bloxham, Toole, O'Donnell, and Maguire McCann Morrison, merged to become Bloxham Maguire and formed a joint company with a consultancy firm, a reflection of the need to offer a wide range of services and expertise in order to survive in the more competitive environment which is developing.

But the boom did more for the stock market than lining brokers' pockets. The combination of high share prices and real interest rates made equity and market flotations popular again. Having gone more than 10 years without a new company coming to market, Dublin saw a rash of them from 1986, and the stream has not dried yet. Among the more significant trends was that of Irish Agricultural Co-operatives to seek plc status to help fund their development into genuine food companies, rather than mere processors of milk and meat for EC intervention or commodity markets.

The path was blazed by Kerry Group, which has a current market valuation of £150m. And even post-crash blues could not weaken enthusiasm for the country's most successful beef baron. There was a rush to buy the shares when Mr Larry Goodman transformed grain company Merchants Warehousing into Food Industries plc, and the share price is up 75 per cent from its launch just two months ago.

Pressure from government ministers anxious to reduce exchequer support for developing Irish companies helped spur the formation of the Smaller Companies Market, where flotations of less than £300,000 can take place. Some of those who came to the SCM, such as computer manual printer Printech and portable soldering iron manufacturer Oglesby & Butler, look highly promising but would not have dreamed of seeking stock market funds few years ago.

The Irish government's huge borrowing requirement ensures a busy gilt market but the improvement in the budgetary position under Mr Haughey's government has altered the landscape dramatically. The Exchequer has already raised more than enough funds to finance it for the rest of this year and has been able to make the first net

repayments of foreign debt since the 1970s.

The position has been helped by foreign enthusiasm for Irish gilts, with a net inflow of around £600m in the first half of the year. The main concern of the Department of Finance now is to reduce the cost of its domestic funding. Officials believe it is still too high, and that gilt yields do not reflect the progress in curbing the budget deficits.

Neither the department nor investors seem happy with the current working of the market. Earlier this year, Mr Tony Egan, investment manager of Irish Life Assurance, one of the biggest Dublin institutions, said changes were needed which reflect the needs of market users and not just stockbrokers.

Deregulation after London's Big Bang had led to some reduction in commissions — though Mr Egan thinks they are still too high — but no structural changes. Among the changes he most wants to see is the establishment of a gilt settlement office to reduce the potential exposure of market participants.

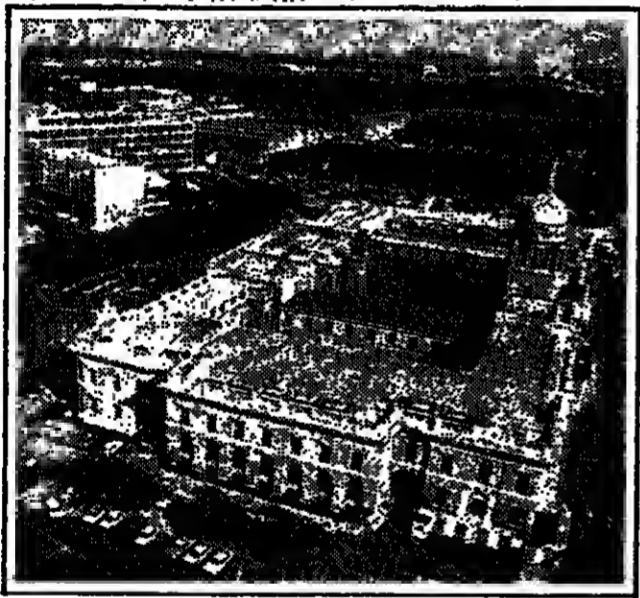
The Department of Finance also wants changes, especially any which might bring down the cost of funds. Earlier this year it launched a gilt denominated in European Currency Units (ECUs) in which Allied Irish Bank agreed to be a market maker but it seems doubtful that this made the way forward any clearer. The problem is how to separate the market-making function from the funding role, in a market where three of four major players dominate the scene.

The Dublin stock market is looking to the future in more ways than one. At present, there are two proposals for the establishment of a futures and options market, one from the Stock Exchange itself, using the Topic information system, and one organised by National City Brokers, who have developed a screen-based dealing system.

One thing everyone agrees upon is that there is room for only one such operation. NCB is the favourite, but so far no-one has found a face-saving formula to let whoever loses exit gracefully.

Braden Keenan

Additional research for this survey by John Maher of Trinity College, Dublin.



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David Lascelles on the new worldwide capital adequacy rules

BANKING is about to achieve the distinction of being the first industry to be regulated on a worldwide basis. In the coming months, banking supervisors in the world's leading industrial countries will begin applying the terms of a capital adequacy accord which was signed by governors of the Group of Ten central banks in Basle last week.

But historic though the accord may be, it is only the first step in a process which may take another decade to complete. Mr Peter Cooke, the Bank of England official who chaired the negotiations on the accord, says: "It's a small step in a small area."

The accord creates minimum capital requirements for banks which operate in the international markets, and as such should provide a stronger underpinning to the world banking system, and ensure that banks compete on equal terms.

But the accord is limited to credit risk: the risk that loans will not be repaid. Although this is one of the main sources of losses by banks, today's sophisticated financial markets contain many other dangers for banks as well, principally the threat of loss through swings in interest rates, currencies and securities prices.

Officials will now begin working on these issues as well. The process which led to the Basle accord was itself the work of several years by the Cooke Committee. But the final version which emerged from the Governors' meeting was only changed in a few respects from the proposals which were put out for discussion last December.

This marked a setback for the West Germans who maintained that only pure capital should be counted, and the Bundesbank managed to include a statement in the final communiqué saying that it wanted to see further work on this issue. The problem for German banks is that, while they have sufficient equity to meet the Basle levels, they make little use of debt. Banks like the British, which have a more balanced mix of debt and equity, emerge better off.

A concession was also made to US banks which have issued several billion dollars worth of quasi-equity called perpetual preferred stock. They can count it as core capital so long as there is no obligation to make up for interrupted dividend payments - in other words that it is non-cumulative like common stock. Most of what the US banks have issued is cumulative so the concession is a limited benefit. But it does give them the option of issuing non-cumulative in future.

A change of a more political nature was made by introducing a category of country borrowers whose credit standing was considered to be better than the rest, and whose risk "weighting" could be reduced.

The top category of country borrowers is to consist of the 24 full members of the OECD. Countries which have arrangements with the IMF through the General Agreement to Borrow (GAB) are also included, though this adds only Saudi Arabia (which is believed to have lobbied quite hard behind the scenes to have its name added to the list). However, Turkey, which has foreign debts of \$34bn, is an OECD member, so bankers will have to decide whether to give it a heavier weighting.

The accord does not try to distinguish between commercial credit risks, so Exxon and ICI count the same as the local supermarket. Many bankers argue that this is illogical. But the alternative would be for banking supervisors to get so deeply involved in credit decisions that they might as well come in and run the bank, as one banker said.

Although banks have until the end of 1992 to get their capital up to Basle levels, the impact of the accord has run far ahead of it, particularly in Japan where banks will need to raise the greatest amount of new equity. One unspoken purpose of the Basle accord was to subject Japanese banks to the same capital discipline as western banks.

IBC, the London-based bank analysis firm, estimates that Japanese banks will need to raise \$50bn in new equity. This summer, Industrial Bank of Japan (IBJ) alone is making a record rights issue of \$2.2bn. But while this is being hailed in some quarters as a welcome constraint on Japan's lightly capitalised and highly competitive banks, the strain on them may not be as great as it looks. Japanese bank stocks continue to trade at about ten times the multiples of European and US banks, making equity a relatively cheap source of capital.

Senior Japanese bankers, such as Mr Kameo Nakamura, the president of IBJ, say that pressures of capital will force them to rein in asset growth and concentrate on profits.

In the US, the majority of leading banks are expected to be able to meet the 1992 deadline through a combination of retained earnings and fresh capital, as are banks in Europe. A special case are the large state-owned banks in France and Italy whose governments will not supply new capital. Mr Jean-Marie Lévêque, the chairman of Crédit Lyonnais, said his bank will need to raise between FFybn (2285) and FFybn from the market to meet the Basle levels.

While Basle will create more consistency and soundness in the international banking system, it will also have its cost. Banks will have to put more capital behind their assets, and this means higher fees and lending margins, particularly in the intensely competitive multinational market. Mr Michael Welch, UK corporate officer for Citicorp, says: "Capital constraints are going to squeeze the market. We tell companies they should go ahead and get money while they can."

The Basle capital convergence accord

- Main points:
Q. All international banks to be subjected to the same capital regime.
Q. Capital: Tier one to consist only of equity and disclosed reserves, including non-cumulative perpetual preferred stock. Tier two to include other forms of capital and general provisions. At least 50% of capital must consist of tier one.
Q. Risk assets: all banks assets, including off balance sheet commitments, weighted according to their riskiness.
Q. Risk asset ratio: all banks to have capital equivalent to at least 8% of their risk-weighted assets. National supervisors to set individual levels for each bank.
Q. Each country may apply its own criteria, using the accord as a minimum.

Banking without borders

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By adding to banks' costs, Basle may also reduce the competitiveness of the banking industry. Some people believe this may be a good thing since it could dampen some of the excesses which have produced crises in the lending and capital markets.

On the other hand, the accord may also reduce profitability and put greater pressure on banks to take risks by lending to less creditworthy borrowers who are prepared to pay more for their money. Although the risk weightings have been designed to discourage imprudent banking, this could be one of the accord's more ironic effects.

Mr Cooke comments: "Banks will have to continue to use their own credit judgments. International arrangements now come into play to bring the accord into full force by the end of 1992. A delicate task in the intervening years is to marry Basle with the banking directives of the EC which are also due to be completed by then and, unlike the Basle accord which is voluntary, will have full legal force."

Looking further ahead, bank governors are already talking of creating a similar international regime for the securities industry. This may be more daunting for financial service practitioners, but it recognises the fact that financial markets operate these days with scant regard to national boundaries.

One of the best things that has happened to Japan's relations with any other nation for some time is called Mr Kazuo Chiba. This economist is not designed to secure a permanent place at his table, as the new Japanese Ambassador to the Court of St James, nor is it intended to designate the worth of his predecessors, either in London or elsewhere. It is simply a recognition of the fact that diplomats of his catholic talents do not grow on trees, he they bousai or California redwoods.

Last week, Mr Chiba, with tongue in cheek, sought to enlighten an assembly of British journalists on the historical dimensions and problems of Japan's current foreign policies, which is indeed a hot subject. So hot, indeed, that a contribution to the debate in this column on May 28th appears to have had a greenhouse effect in Tokyo.

The article, written after the first of Mr Noboru Takeshita's two visits to London in May, suggested that the Prime Ministerial excursion was a perfect example of the Japanese addition to diplomatic form over substance. It lamented the minimal British interest in the visit, but it argued that Japan had to share the blame for this sorry state of affairs; it suggested that it was not enough simply to come to London to praise Mrs Thatcher and go on about cultural exchanges but preferable to be prepared and whanever the opportunity arose.

It is flattering, but a bit unwise, to strike a major chord. The reverberations from Tokyo were taken very seriously. One acquaintance made a comparison with the little boy in the fairy tale who had pointed at the emperor who had no clothes. Japanese newspapers and television commented on it; requests for interviews flooded across the desk; the Foreign Ministry issued assorted rebuttals, stressing that Mr Takeshita and Mrs Thatcher had struck up a most meaningful relationship.

Some even suggested that the Japanese pyrotechnics at the Toronto economic summit in June demonstrated that a lesson had been taken to heart. This is hard to credit. For a start, summit planning of this thoroughness is not confined overnight; secondly, officials as able as Mr Michihiko Komihiro, from Mr Takeshita's office, and Mr Toyoo Cyohiten, the Vice Minister of Finance, need no lessons in briefing the press; or, east or west, from anybody; thirdly, there is no dispute that Japan can make, should make



FOREIGN AFFAIRS

When Japan joins the rule makers

and is making contributions to economic policy making. But, as Mr Chiba gently pointed out the other day, the debate about Japan's role in the world certainly is not confined to the Japanese themselves, and therein lies a rub. For it is hard to imagine a nation which pays so much attention to what other think of it as Japan does. So he cites with relish articles from successive editions this month of Time and Newsweek, the first hailing Japan as a new superpower, the second wondering whether the first ever visit by a Japanese Foreign Minister to Israel was really necessary. He

"frighten others". This has still left the country pushed to evolve a definite international role by itself for itself. However, Mr Chiba senses that the outside world is beginning to define such a role for Japan, which is that it "should join in the process of rule-making". This partly reflects Japan's greater perceived fitness for admission to the club because of its economic prowess and because it is democratically stable, but also because "Japan is now seen as intelligent, according to the rules of Westerners."

At this point, the irony gets heavy enough to slip into sarcasm. After all, it is coming from a man whose curriculum vitae includes not just the *plus ultra* of Tokyo University Law School, but also the Fletcher School of Diplomacy at Tufts University; the experience of negotiating the reversion of Okinawa to Japan from the US; diplomatic postings in Moscow, Atlanta, Berlin and, as Ambassador, to Sri Lanka; and the chairmanship of GATT. Mr Chiba thinks, for example, that the United Nations is a "noble institution" and "satisfying intellectually."

If any Japanese is (a) "intelligent" and (b) understands the Western rules of the game then it is Kazuo Chiba (and he can recite them in French as well as in English). But he is Japanese and an Ambassador and, out of conviction, convention or both, must reflect his nation's values. Thus the lesson

throws in a few more Western media contradictions, including the FT but mostly from the American press, itself as he wryly notes, a comment on the relative levels of interest in his country. "It just shows how difficult it is for the Japanese to understand what is expected of us."

Mr Chiba is fond of historical irony. Thus he argues that the main theme of Japanese history is one of "traditional isolationism" - not, he stresses, isolationism - and that this has produced "a certain mentality." Both the military expansionism before the last war and the economic successes since then are very much in this tradition of a kind of self-reliance that was once marked by Japan's "rice culture". The present proviso, he says, is that Japan has learned in the last 40 years that it must not

son of the 1930-40s is that "we cannot force our role on anyone else... we need the company of like-minded societies." This, he argues, fits with the Japanese social ethic of harmony. It is a fair point; after all, Japan sought to describe its pre-war expansionism as "co-prosperity."

Mostly by implication, he does not see it as absolutely necessary that Japan, now the second largest contributor to the UN system, be recognised with a permanent seat on the Security Council. Changes in the organisation should be "slight but realistic" and the difficulties of reform should not be underestimated. But again, in contrast to orthodox Japanese dogma which sees the institution as something between an umbrella and a crutch, he has no illusions about the UN.

A central question about Japan's role concerns its assessment of the US and whether its power is in relative decline. Mr Chiba skirts delicately around this subject, citing American cultural influence as one good reason why it is not, before adding, quickly, that "maybe culture is the last resort of the good diplomat."

But, as a *roge historian* of the US, he cannot see why its record of flexibility, creativity and wisdom cannot be applied to the future. "The US will remain a major player and anyone who sees it as a leading role - and not just Japan - will need the US as a partner."

Dialectic critics may wish to reflect briefly on his use of the indefinite article. The official Japanese position is that if the drive towards 1992 turns Europe into a fortress, then it will be a bad thing. Maybe this helps explain the intense Japanese interest in European unification. Mr Chiba takes the fortress threat less seriously, though he concedes it is a risk. Mostly, though, he sees it as a potentially great event for Europe, and "if it (1992) is the mainstream of change, engulfing all, then we the Japanese can take it in our stride."

It is arguable that the bigger question is whether the Western world can take Japan in its stride. For if Mr Chiba is right, and Japan is to be admitted to the "rule-making" club, then this presupposes a willingness to consider and consult Japan at every stage in the process and on every subject, not just the economic ones. Thus it is logical that the Japanese Foreign Minister should go to Israel and that there should be a Japanese presence on peace-keeping missions. It also follows that some long-standing Japanese policies, such as its admirable refusal to export arms, should be respected.

Jurek Martin meets an ambassador for Japan's changing role in the world community of nations

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LETTERS

Calling an end to the bureaucratic games

From Mr Victor Orlik. Sir, Some British papers, including yours, present Mr Gorbachev's proposals in such a dramatic and panicky tone that he might be offering not to reduce troops and armaments in Europe but to escalate them.

In your editorial ("The Wrong Road to Arms Cuts", July 13) you accuse the Soviet leader of "putting Nato on the psychological defensive." Perhaps. But what prevents Nato from going over to the psycho-

logical offensive in the field of further arms reductions. In East Europe we would respond to such an offensive with three cheers.

I think that as regards a European summit, Mr Gorbachev did not intend to drive a wedge between the US and Western Europe. As soon as the idea is contemplated seriously by the West, the US and Canada could become potential participants of such a forum, whose historical and political significance would be no less important than the Helsinki-

1945 meeting. As regards "the Soviet superiority in tanks and men" (your words), may I refer you to just one phrase in Mr Gorbachev's speech to the Polish Sejm, where he said: "If Nato shows readiness, we can discuss the issue of the imbalances and asymmetries, even before the start of the formal talks, in connection with the exchanges of data on troops and weaponry."

Could this be described as "megaphone diplomacy"? Mr Gorbachev does not have to

engage in propaganda exercises - there are other ways and other people to do the job. He is sending out a political impulse, endeavouring to play his part in the creation of a climate in which long drawn-out "games of bureaucrats" are no longer acceptable. But he cannot create such a climate alone. Hence the appeal to our European neighbours. It takes two to tango.

Victor Orlik, Soviet Week, 3 Rosary Gardens, SW7

Breaking out of 'fortress Europe' How to read the hedge clauses

From Mr Bryan Cassidy. Sir, Peter Montagony's report ("Looming shadow of fortress Europe", July 14) draws our attention to the need to reassess the EC's trading partners that 1992 does not mean putting up the shutters against them.

One can understand their fears when words like "reciprocity" creep into the discussion of the EC's future external economic relations. Like "level playing fields" and "free but fair trade", the word is a sign of closest protectionism.

I know from my regular contacts with him that Willy De Clercq (the member of the European Commission responsible for external trade) is not a protectionist. Nevertheless, there are undoubtedly aspects of the EC which are protection-

ist - the Common Agricultural Policy being the most flagrant example. Another is the EC's anti-dumping rules which sometimes seem to be applied to protect inefficient European industries - as with the actions against Japanese electronic typewriters and printers.

Undoubtedly, there are protectionists in the Commission in Brussels, in some Member States, even in the European Parliament. But I believe they are in a minority. Certainly, I take great comfort from the staunch dogmas of "fortress Europe" affirmed by both the British Prime Minister and the newly reappointed President of the European Commission, Bryan Cassidy, European Parliament, 97, rue Belliard, 1060 Brussels

From Mr Christopher H. Burt. Sir, Your newspaper and other national newspapers, in a half-page advertisement regarding the issue of shares in National Telecommunications plc on July 9/10. Some 250 sq cm were devoted to an application form. However, a tiny fraction of the 250 sq cm was given over to hedge clauses advising the potential investor not to invest before reading the listing particulars and seeking advice from a professional financial adviser.

These admonitions no doubt keep the offerer well within the letter of the law. Nevertheless, how sincere is the offerer? Where are potential investors supposed to obtain the listing particulars if they are not close to the addresses given in London, Birmingham, Manchester, Edinburgh, Leeds, Bristol,

Glasgow or Southampton? The advertisement acknowledges that the information should be allowed when depending on first class post, so writing for listing particulars was not the solution since the closing date for applications was July 14 1988 at 10 am.

One could only draw the conclusion that the publication of incomplete information together with a form soliciting applications is an obnoxious practice. However, if this advertising is to be permitted, would it not be a useful compromise to require such advertisements to give a 24-hour telephone number which could be used by those who wish to receive full information? Christopher H. Burt, Les Granges de Beauvoir, Biggleswade, Bedfordshire, St Peter Port, Guernsey

'The Indian Railways' PRS has been a remarkable success'

From Mr Richard Heeks. Sir, Having studied the Indian Railways' passenger reservation system (PRS) for some time, I find Stephen Cooke's article on the subject (Technology, May 88) highly ill-informed. It is, I fancy, an example of the dangers of trying to make "what I saw on my holidays" into a serious article.

His first error - a common one - is to mistranslate the Indian measure "crore" into millions. Bombay's PRS cost Rs 17 crores which is Rs 170m not Rs 1.7m (\$71,000) and therefore represents several million pounds. If Mr Cooke had any sense, he would have realised that \$71,000 hardly pays for the air-conditioning unit, let alone a twin VAT 950 system with

Gigabytes of hard disk space, hundreds of terminals, and miles of networking cabling. The system was never intended to address the problems of train overcrowding but, by dramatically reducing queue times, it has achieved its major goal. The PRS was purchased from the passenger amenities fund, the purpose of which is to improve services without necessarily hoping for any direct return on investment, although the PRS is estimated to save £4m annually on previously wasted resources such as working hours spent waiting in line.

Mr Cooke criticises the Indian system of form filling. The whole point of this is to allow passengers to get their

journey details correct before passing them on to the counter clerks - thus reducing the potential for time-wasting mistakes and misunderstandings. So called "irrelevant details" on the form are all part of the system for fraud prevention, which anyone who had spent a little trouble could have found out.

To imagine that all the activity occurs at the main station completely misses one of the main advantages of the PRS - that it provides computerised reservation services to suburban stations, enabling passengers to reserve a ticket locally without having to travel all the way to the main city station. The computer system does do almost all the reservation

work and issues the tickets. It also sorts out the accounts task which each clerk had to spend 1-2 hours every day doing manually before, sets up train reservation charts, and provides managers with detailed and accurate information on passenger traffic flows.

The Indian Railways' PRS has been a remarkable success considering the huge data volumes with which it has to cope, and it is something of which India is proud because it was conceived, written, installed and run entirely by Indians. Richard Heeks, Faculty of Technology, The Open University, Walton Hall, Milton Keynes

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Soviet rejects call for Nagorno-Karabakh secession

By Our Moscow Correspondent

ARMENIAN demands for the Nagorno-Karabakh region to be transferred from the neighbouring republic of Azerbaijan were yesterday rejected by the presidium of the Supreme Soviet, the Soviet Union's top executive body.

As a result, the Transcaucasian ethnic crisis seems likely to continue. The emergency presidium meeting agreed "measures that would ensure the region's real autonomy," according to the Soviet news agency, Tass. But it decided the province should stay part of Azerbaijan.

Nagorno-Karabakh's local soviet (council) voted last week to secede from Azerbaijan and declared itself a part of Armenia, following five months of protests and strikes

in the area. Armenia had been seeking the transfer of the enclave either to itself or to direct rule from Moscow. Yesterday's decision came at the end of a lively, eight-hour session that pitted the leaders of Armenia and Nagorno-Karabakh against almost all the other speakers.

Leaders of other Soviet republics condemned "strong-arm tactics" such as strikes, and blamed the unrest, which has claimed at least 36 lives, on "anti-perestroika forces." They also criticised economic disruption caused by the strikes in Armenia and called for early implementation of a Government package of social and economic measures for Nagorno-Karabakh.

Mr Genrikh Pogosyan,

Nagorno-Karabakh's recently-elected party leader, had earlier argued that the region's Armenian population could not be satisfied with material benefits alone, "to the detriment of national-cultural and spiritual development." Secession was the only possible solution.

Other speakers called for a compromise, such as putting Nagorno-Karabakh temporarily under the jurisdiction of the Russian Federation, the largest of the Soviet Union's republics.

The refusal to compromise on the Armenians' chief demand that the largely Azeri Christian enclave be removed from Moslem Azerbaijan seems certain to spark more strikes.

The presidium saw an unprecedented clash between the leaders of Azerbaijan and

Armenia. Mr Grant Voskanyan, the Armenian President, called for self-determination for Nagorno-Karabakh, although he said Armenia was making no territorial claims.

He argued that, under Azerbaijani rule, the region had suffered socially and economically, and the "national rights and dignity of its Armenian population" had been infringed. Adoption of a resolution upholding the status quo "could bring pain and disappointment to the Armenian people," he said.

Mr Suleiman Tatliyev, President of Azerbaijan, said there was no political, economic or legal justification for separating the region from Azerbaijan. He accused Nagorno-Karabakh, where there has been a

general strike since mid-May, of "total insubordination."

Real power in the region was now in the hands of "anti-state elements who have neutralised party and state bodies."

Mr Pogosyan argued that the region had been inhabited by Armenians from time immemorial and was "part of their fatherland." Noting contradictory articles in the Soviet constitution, which provides arguments both for and against a redrawing of boundaries, he said Azerbaijan's references to article 78, under which the consent of both republics would be needed for a transfer, were "attempts to evade a solution."

"It must not be allowed, in a socialist state, that one people decides the fate of another."

THE LEX COLUMN

New weights for Opec's scales

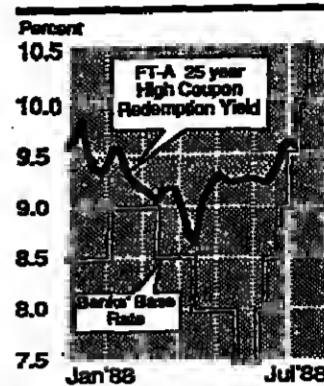
The markets were prepared for one puzzle yesterday, and they got two - first base rates, then the oil price. The prospect of peace in the Gulf creates opposing tensions for the oil market: on the one hand, Iran and Iraq should both be able to step up production, and Iran in particular should be able to increase its shipments. Alternatively, peace might mean the strengthening of Opec as a political force, and the restoration of quota discipline.

In leaning to the latter view yesterday - as shown by a near-5% rise in oil futures - the market is perhaps reverting to a naive belief in Opec's fundamental efficiency as a cartel. The bullish view also glosses over the fact that Iran and Iraq exceed their combined quotas already, and that if the fighting does stop, both sides will need oil revenues for reconstruction.

As for interest rates, the market is showing further signs of division. The half-point rise is probably sensible in itself, since it steps up pressure at home for a rise in mortgage rates, without causing too much stir on foreign exchange desks overseas. Hereafter, one school of thought sees 11 per cent base rates next week, and 12 per cent on the near horizon. Another says that beyond this point the exchange rate cannot take the strain, and that in any case, pushing the building societies into a 5 per cent rate rise practically guarantees inflation at 6 per cent by the year end, and is thus self-defeating. Money market rates yesterday were saying this second view is wrong; but the authorities, after all, only need to follow the market if it suits them.

RHM/Midland Bank

The clear impression given by Midland Bank's decision to help finance a hostile takeover bid for RHM is that it is more profitable for clearing banks to help raise their customers than to stand by them through thick and thin. However, the corporate sector is partly to blame for this breakdown in traditional banking relationships by its continuing efforts to force down banking margins. And while RHM's accusation that Midland reneged on a verbal



healthily without the need to make ever bigger acquisitions. In its quest for size, it has been more restrained than many of its rivals in issuing paper, can point proudly to the steady growth in its net asset value, and stresses organic growth of over 20 per cent per annum.

However, it remains unclear how much of this so-called organic profit growth reflects cost-cutting and repositioning of products in higher margin markets, or indeed the exceptionally buoyant conditions in its building products operations, all of which are arguably one-off benefits. If Tomkins were to suspend its formula of a mega-deal a year, it would be much easier to measure the sustainability of its organic growth and its rating would likely improve. But given its strong balance sheet, it is unlikely to resist for long the siren calls of its merchant bankers.

Atlantic Computers

Given the rate of consolidation in the UK independent computer leasing sector recently, it should not have taken great foresight to predict that Atlantic Computers, the market leader, might turn out to be vulnerable too. But for a company which should easily manage 15 per cent earnings growth this year, a prospective P/E of just 7.2 times - closer to 5.5 times if net cash is stripped out - cannot have included much of a bid premium.

However, the market had little trouble yesterday putting a name to several companies which might think it worth their while to close the gap between a P/E of 7 and an average market rating - implying an offer price of £5 a share, a third above yesterday's suspension price. GEC, which already operates a small property joint venture with Atlantic, was inevitably high on the list; but while expertise in asset financing would be welcome, for GEC to spend a third of its cash mountain on an acquisition which would provide little short-term earnings enhancement would be an interesting reversal of policy. Nor is it self-evident that those who bought the shares at closer to £3 last year will be willing to part with them for £5 now.

Amstrad/IBM

The recent behaviour of the Amstrad share price suggests that all news is good news if it comes from Alan Sugar. No doubt yesterday's cross patent deal with IBM will remove certain potential barriers to Amstrad's product development programme, but as the market was scarcely losing sleep over such problems in the first place, it is difficult to see why their removal should be worth 3 per cent on the shares. But even if the market is reacting to the wrong news, it is probably moving in the right direction: despite yesterday's rise, Amstrad's rating remains in single figures.

Tomkins

It is hard to fault a seven-year record which has seen earnings per share growing at an average of over 40 per cent per annum, and dividends rising more than twice as fast as the 14 per cent annual average for the UK. Yet a prospective multiple of a shade over 10 times earnings demonstrates that Tomkins is finding it no easier than its rule model, Hanson, to convince a sceptical market that it can continue growing

Nobrega unwraps a new package

Stephen Fidler on the attempt to reach a debt re-scheduling accord

MR MAILSON da Nobrega, the Brazilian Finance Minister, faced the country's London-based bank creditors yesterday as part of his efforts to gain support for an accord on a \$62bn bank debt rescheduling and \$5.2bn in new loans.

"Our idea is to look for a solution to the debt problem in a co-operative way. We don't think confrontation pays and that's why we expect a positive reaction on the part of our partners in the international community," he said.

The accord, if successful, should strengthen the belief that Brazil's debt moratorium in February 1987 was flawed, whether in concept, execution, or both. However, the extent to which banks will put up cash to support this change of heart depends crucially on the details of the accord that they have in front of them.

In yesterday's presentation, and in the promises to be made to banks throughout Europe this week, the Brazilian team and the country's leading creditor banks, headed by Citicorp, will be trying to impress on banks the points which emphasise the differences between this package and the ones which have gone before.

They will point to the cash-flow benefits for banks in joining the deal. Estimated interest to banks on medium and short-term debt covering 1987 to 1989 totals \$20.5bn, of which the medium-term debt interest will be \$17.3bn. This, it is hoped, puts into perspective the \$5.2bn in new funds being sought from the banks. Mr William Rhodes of Citicorp, chairman of the bank advisory committee for Brazil, describes the deal as "by far the most innovative package we have offered since the debt crisis began."



Mailson da Nobrega; confrontation does not pay

The package also contains "substantial opportunities for Brazil to convert a large amount of its foreign debt into local currency." The agreement, together with current debt conversion schemes, could allow for a reduction by 10 per cent of the country's roughly \$80bn bank debt.

Banks which provide new money will be eligible, after a 12-month lock-up, to participate in a debt-to-equity programme with debt conversions allowed at face value for the first time in any such programme. Some \$20m a year will be available for three years, equivalent to 34 per cent of the banks' new lending. The existing debt-to-equity plan, which accounts for a maximum \$150m a month, will remain in place.

Banks can elect to take up to \$5bn of so-called exit bonds, which pay a 6 per cent fixed interest rate over a 25-year term. These are convertible at face value into local currency Treasury bonds, indexed to either inflation or the dollar.

These will be tax-exempt bearer bonds for which a secondary market is expected to develop since there is potential for demand for them within Brazil: for example, from companies which wish to hedge an increase in capital. Exit bonds will also be usable in the country's planned debt-for-exports schemes.

The package, which includes more possibilities to "re-lend" funds to clients inside the country than any previous package, also contains no con-

tingency loans, such as the \$2.2bn in such financing arranged for Mexico and which reduced the popularity of that deal.

It is clear that while the International Monetary Fund linkage in the package is more flexible than seen elsewhere, there are substantial differences with official creditors. The second tranche, of \$600m, has fewer conditions than the other two, but even that requires a status report from the IMF managing director confirming Brazil's progress under its economic programme, World Bank disbursements, and a Paris Club rescheduling.

Mr da Nobrega confirmed that the country would make the interest-bearing package agreed with the banks late last year, and to have been completed late this month, will have to be postponed until the full agreement becomes effective.

This would free \$3bn - \$2bn from banks packages from Brazil's reserves - formally to clear last year's debt backlog from February to September 1987.

All 114 banks involved need to agree to the extension of the interim agreement before it can be effective. This may prove to be a tough task. Once achieved, however, the country would probably be well on the way to achieving the "critical mass" - 90 per cent by value - of banks needed before the package becomes effective, expected in October. While Brazil's foreign bank lenders number more than 700, the critical mass could theoretically be achieved with the consent of fewer than 150 banks.

Brussels has fresh plan for wine lake

By Tim Dickson in Brussels

THE European Commission will today unveil details of a new plan to shrink the European Community's ample wine lake.

The proposal - set to be formally adopted at today's full meeting of commissioners in Brussels - provides for a big disposal programme to reduce the 7.4m hectolitres of unwanted wine alcohol sloshing around the EC.

The idea is bound to prove controversial with some member states. A similar scheme sanctioned in 1986 imposed such tight restrictions that it proved largely unsuccessful.

National concern is likely to centre on the distortions which a stock disposal programme could create in the alcohol market. EC's wine surplus, on the other hand, is proving to be one of the Community's most nagging financial headaches, with stocks of distilled alcohol accumulating rapidly due to the underlying overcapacity.

The wine lake sector poses a significant problem. Output there has tended to stabilise, but consumption is falling fast as tastes have switched generally to quality wines.

Some third of table wine production is thought to end up in storage.

Under EC rules there are two types of guaranteed buying schemes: in one case the EC finances all the costs; in the other, the Commission's contribution is confined to the cost of disposal.

The significance of the new plan is that it would give the Commission greater flexibility to take advantage of market opportunities when they arise.

UK may resume export credit guarantees

By Stephen Fidler and Peter Montagnon

BRITAIN'S Export Credits Guarantee Department hopes to announce a speedy resumption of medium-term export credit cover for Brazil once that country has completed new agreements with the International Monetary Fund and Paris Club group of official creditors.

This emerged in Whitehall yesterday after Mr Mailson da Nobrega, Brazilian Finance Minister, requested a restoration of cover in a meeting yesterday with Mr Nigel Lawson, Britain's Chancellor of the Exchequer.

Brazil has long been worried about the way in which its inability to tap official export credits as a result of its debt problem has depressed imports of essential capital goods. The ECGD suspended medium-term cover for Brazil in 1983, since

when it has supported only exports sold on short-term credit arrangements.

The ECGD would make no official comment on Mr Nobrega's request yesterday, but a spokesman said the department was currently reviewing its position in the light of Brazil's talks with the IMF and Paris Club "in the hope that these negotiations prove successful."

Mr Nobrega also asked for British support for a Brazilian proposal to reschedule debts to the Paris Club of Western creditor nations, which meets next week to consider the request. Brazil owes some \$17bn to these official creditors, although the rescheduling will cover substantially less than that and involve only maturities due up till the end of this year.

Britain is Brazil's fifth largest official creditor and bank estimates its share of any Paris Club deal could involve debts worth in excess of \$600m.

"Brazil is the only middle-income country in Latin America which is not enjoying coverage from Paris Club members," Mr Nobrega said at a news briefing yesterday.

Canada has provided some cover for Brazil since the debt crisis started, but other leading industrial countries have held back.

Last week, however, the US Export-Import Bank also said last week it would again consider export credit applications, but would not approve them until the Paris Club rescheduling was complete.

Mr da Nobrega who started a week-long European tour at the weekend, met the chair-

man of the clearing banks on Sunday night and yesterday was also scheduled to see Mr Robin Leigh-Pemberton, Governor of the Bank of England, and commercial bankers whom he is trying to persuade to join a second \$62bn debt rescheduling accord, which includes a request for \$5.2bn in new money.

Included in this new money package is a \$600m medium-term trade financing, with a nine-year maturity.

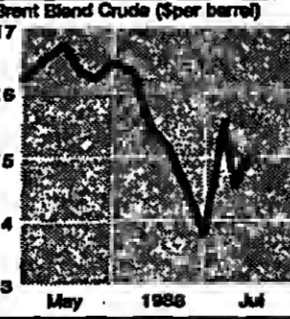
Brazil has gained a \$500m bridging loan from Western countries led by the US, which is providing half of the financing, likely to be officially announced in Washington and drawn down soon.

The country's IMF programme is expected to win formal approval next week.

Oil prices rise in hope of production cuts

Continued from Page 1

Oil Price



not thought to have had much, if any, effect on the trend of oil prices in recent years. Although Iran's ability to export crude has been badly damaged at various times, other oil exporters, notably the United Arab Emirates, have been more than willing to make up any deficit.

Analysts agree that the two belligerents will have a great need of oil revenues for economic reconstruction if they do reach a peace settlement.

Dukakis and Jackson embrace party unity

Continued from Page 1

has accommodated Mr Jackson, the runner-up in the party's primary election. "There is no deal, there is no fine print," the Governor said, when asked to define the

entente cordial. In an effort to bolster the image of party unity, Senator Lloyd Bentsen, Mr Dukakis' choice as vice president, appeared alongside Mr Dukakis and Mr Jackson. Not since the

1960 Democratic presidential ticket of Senator John F. Kennedy and Senator Lyndon Johnson had the Democratic Party presented the country with such a broad-based coalition, he said.

But yesterday's show of unity has yet to be tested. Mr Jackson - who delivers a major address tonight - must convince his supporters that he has indeed won the concessions he claims.

Britain raises interest rates

Continued from Page 1

D-mark. It believes the reductions prevented the pound from rising to unsustainable levels.

The Treasury said yesterday's move was part of the progressive tightening of monetary conditions begun in early June.

Tomorrow's money supply figures for June are expected to show another strong rise in credit and the Treasury's main monetary indicator, M0, which measures mostly notes and coins in circulation, growing outside its pre-set target range.

The Treasury said the rationale behind the successive

risers in interest rates since June was to achieve an undramatic slowdown in the rate of economic expansion which was unsustainable. Higher interest rate levels should help restrain the growth in mortgage and personal credit, it said.

Mr Michael Fearnside, Halifax's General Manager for Marketing, said, "We will wait until later this week before deciding on our rates from August."

Big clearing banks such as National Westminster and Lloyds which still have mortgage rates below 10 per cent are also likely to move this

week. Others, including Barclays, Midland and TSB, which have put up their mortgage rates to over 11 per cent in the past two weeks, are likely to wait before a further increase.

The base rate rise will hit hardest at the "new lenders," or mortgage companies, which rely entirely on money market funds. Most of these have already put up their rates to around 10.9 per cent and will now have to move again.

In London, the dollar closed at DM1.8520 compared with DM1.8760 on Friday and at Y184.70 compared with Y183.25.

THE DISCERNING PERSON'S GUIDE TO LONDON

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THE OUTFITTERS

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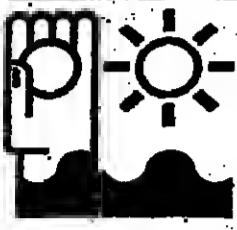
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SECTION III

FINANCIAL TIMES SURVEY



A mood of gritty realism has replaced the optimism of earlier decades as environmentalists

confront the problems facing mankind. But the conservationists remain concerned that governments are not doing enough. John Hunt reports

Keeping up the pressure

IN HIS seminal work on the economics of ecology, *Small is Beautiful*, Dr E.F. Schumacher concluded that the way to deal with the threat to the biosphere was disarmingly simple. It was a matter of each person putting his or her own house in order. Guidance for the future could not be found in science or technology but in the traditional wisdom of mankind.

Dr Schumacher's influential book was published at the beginning of the 1970s, in the aftermath of the optimistic 1960s. Since then, the struggle to protect the environment from the effects of overproduction and development has proved an exceedingly long and difficult one that does not lend itself to simple solutions.

This mood of gritty realism was reflected over a decade later in the report of the World Commission on Environment and Development set up by the United Nations and chaired by Mrs Gro Harlem Brundtland, then Norwegian Prime Minister and a former Minister of Environment.

The commission first met in October 1984 and published its report in April last year. As an illustration of the scale of the environmental problems still

facing mankind, it published a list of the various disasters that occurred during that intervening period.

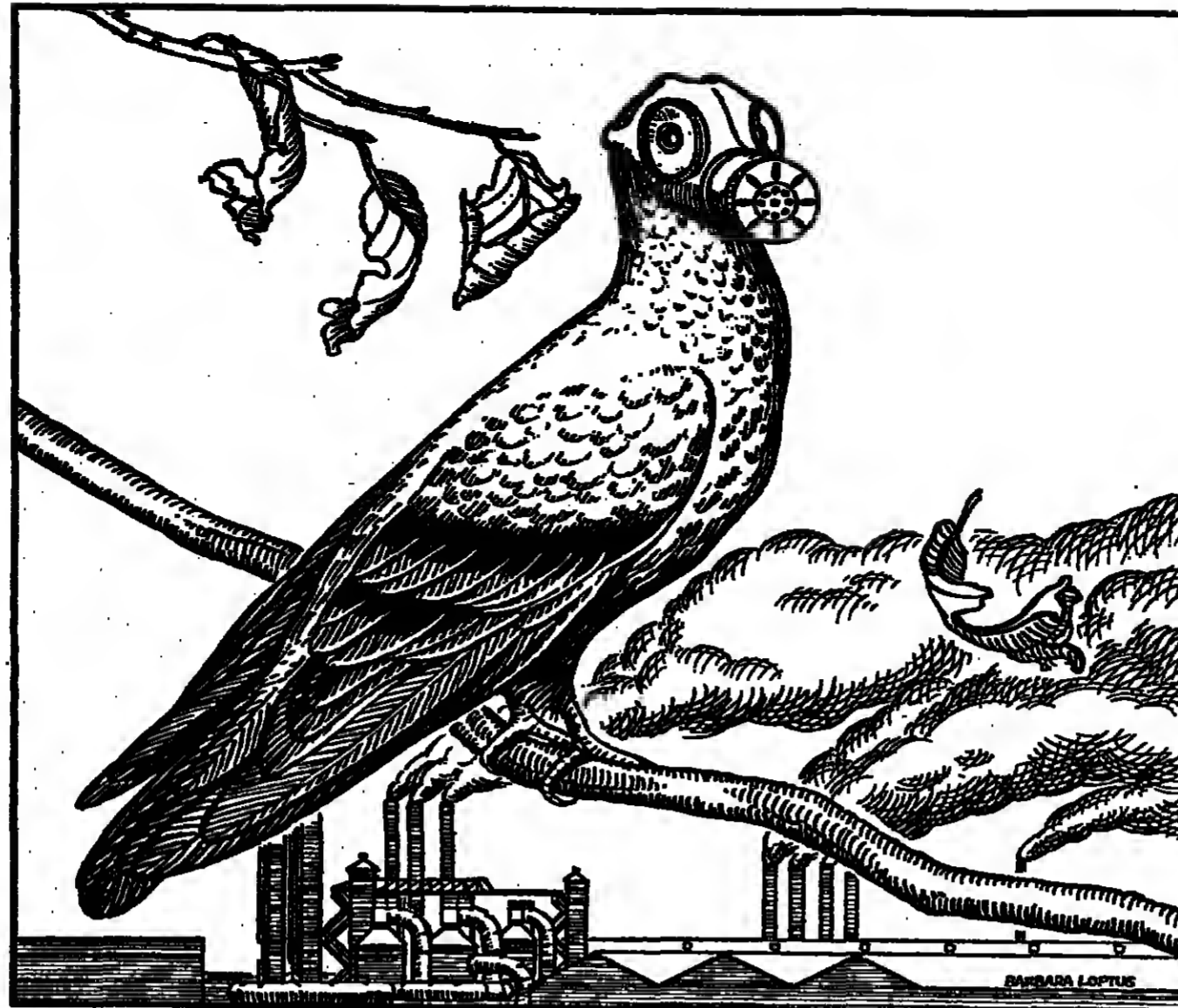
The leak from a pesticides factory in Bhopal, India, killed over 2,000 and blinded and injured over 200,000. The Chernobyl nuclear reactor explosion in the Soviet Union caused nuclear fall-out across Europe, the long-term effects of which have yet to be quantified.

A warehouse fire in Switzerland caused agricultural chemicals, solvents and mercury to flow into the Rhine, killing millions of fish and affecting drinking water.

Liquid gas tanks exploded in Mexico City, killing 1,000 and making thousands homeless. There was an environmental crisis in Africa, triggered by drought in which possibly 1m people died.

Yet despite this gloomy catalogue, progress has been made. The public is more aware of these issues and governments - some begrudgingly - are being spurred into action.

Last September there was an impressive display of international unity on the question of depletion of the ozone layer around the earth. The large-scale production of chlorofluorocarbons (CFCs) for use in aero-



Care of the Environment

soils, plastic foam and refrigerators is believed to be the main cause of the problem. About 40 nations agreed to reduce the production of CFCs in order to contain the threat which arose from the discovery of the ozone hole over Antarctica and the realisation that its thinning could lead to a dangerous increase in ultraviolet radiation.

The organisation Friends of the Earth complains that the agreement does not go far enough and wants an 85 per cent cut in consumption and production of CFCs as soon as possible.

There has also been action on reducing noxious vehicle exhaust fumes, although here again action has not been fast enough for the conservationists. Control of small car emissions has been an area of difficulty, particularly with the main producers of these vehicles such as Britain, Spain,

France and Italy. The EC also has a programme of action on the controversial question of acid rain which is believed to be caused mainly by sulphur dioxide and nitrogen oxide (Nox) in smoke emissions from coal-fired power stations.

Britain has come in for a large share of blame on this front over the damage to lakes and forests in Scandinavia and Germany. The UK Government retorts that it is already doing all that it can reasonably be expected to control this problem and points out that the

Central Electricity Board has a £1bn programme over the next 10 years to reduce these emissions drastically.

The vexed question of nuclear power continues to be the subject of intense controversy in the wake of Chernobyl and the Three Mile Island incident in the US. Ecologists argue that the reaction of the British Government to Chernobyl has been one of cynicism. In the wake of Chernobyl, Mr Peter Walker, who was then Energy Secretary, maintained that the world would suffer an energy famine unless

other EC countries and the Scandinavian countries are signatories, controls pollution in the north-east Atlantic. This agreed to a 50 per cent reduction in the discharge of dangerous substances in the rivers with sea outlets by 1995 and to apply modern technology to cut pollution by radioactive discharges.

In addition, the declaration from the International Conference on Protection of the North Sea, held in London last year, agreed on the urgent need for drastic reductions in the flow of toxic substances into the North Sea.

Despite this, says Greenpeace, the Irish Sea remains the most radioactively contaminated sea in the world and pollution from the nuclear reprocessing plant at Sellafield, Cumbria, is still monitored off the coast of Scandinavia. A group of organic compounds known as polychlorinated biphenyls (PCBs) which are used in industry have been recently recognised as serious pollutants. These have been identified in the Baltic and could have played a part in the recent deaths of over 350 seals in the Baltic and North Seas by reducing the animals' ability to resist infection.

In view of these developments, Greenpeace has been pressing for tougher criteria for control of marine pollution. In particular, it is keeping an eye on the British Government to make sure that there is no backsliding from its undertaking to adopt the precautionary principle - that is, to provide early warning of pollution and to intervene before it takes place.

With the accumulation of all these problems, the public is becoming more environmentally aware. A Mori poll in the UK sought to find the extent of public concern over these

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nuclear power provided 15 per cent of total energy needs by 2030. Lord Marshall, chairman of the Central Electricity Generating Board, says that without nuclear power cuts in future years. They have the formidable support of the Prime Minister. Mrs Thatcher's enthusiasm for nuclear power is well documented.

The counter-argument is that the advocates of nuclear power stations do not take sufficiently into account traditional sources of energy, new energy technology and alternative sources. Large savings could be achieved through greater emphasis on insulation and systems of combined heat and power which make use of waste heat. The environmentalists point to the large fall-off in the nuclear energy programme in the US since the Three Mile Island debacle.

A pamphlet put out by the CEBG states: "We propose using more nuclear power stations because they cost less to run and give you more electricity for your money."

The *Ecologist*, journal of the Wadebridge Ecological Centre, dismisses this as "a myth" and argues that the CEBG figures, take an over-optimistic view of the cost of building the new nuclear power stations and of other imponderables in a nuclear programme.

The journal also points out that in France, where 50 per cent of electricity consumption is met by nuclear power, electricity prices tripled between 1973 and 1982 compared with Britain and the Netherlands where they doubled during the same period.

Nor is control of marine pollution tight enough, particularly in areas like the North and Irish seas, according to organisations such as Greenpeace. The Paris convention, to which Britain,

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ENVIRONMENT 2

The drive towards cleaner motoring

A two-speed Europe on exhaust fumes

WHATEVER MOVEMENT there is towards a single market in West Europe, the vexed question of vehicle emissions is one of the issues where it is already possible to speak of a two-speed Europe.

The use and availability of unleaded fuel provides a mirror image of what progress individual countries have made towards imposing tighter standards on exhaust emissions. The link between controlling exhaust fumes and unleaded petrol is clear. Not only is lead itself highly toxic and a serious health hazard in large doses, leaded fuel also poisons and renders ineffective the autocatalysts used to reduce engine emissions.

The vehicle manufacturers were originally alarmed at the early proposals from the European Community and individual European countries for reducing noxious emissions, but the advance of engine technology suggests that adequate solutions are available, albeit at some extra cost.

It is expected that the development of lean-burn engines will enable car makers to meet tougher standards for smaller engines, in the categories of below 1.4 litres and from 1.4 to 2 litres, while autocatalysts will probably be the chosen route for models above 2 litres.

The availability of lead-free petrol currently varies enormously from country to country in West Europe, largely reflecting the severity of the stance taken by the national authorities towards the tighter control of vehicle emissions.

In the European Community itself there are two distinct camps. In West Germany, the Netherlands, Belgium and Denmark unleaded petrol is widely available. By early 1988 some 98 per cent of service stations in West Germany, the biggest single car market in Europe, were offering lead-free petrol. Availability in the Netherlands has virtually reached 100 per cent, while the level was 83 per cent in Belgium and 58 per cent in Denmark.

In the other major volume markets, the UK, France, Italy and Spain, little progress has yet been made in making unleaded petrol available, and there is still widespread confusion about which models can use lead-free fuel without risk of engine damage.

By early 1988 only 3.5 per cent of UK service stations were offering lead-free petrol, while the figure was a mere 1 per cent in France, 2 per cent in Italy and

1 per cent in Spain. The picture in these countries is changing, however, as car makers begin to use the availability of "clean" cars as a sales weapon in the increasingly competitive European car market, where demand is currently at a record level in several countries.

Vauxhall, the UK subsidiary of General Motors, claims for example, that it is unique among the leading British car makers in that all its cars built since August 1985 can run continuously on unleaded fuel without harm.

The cars need only an adjustment to the ignition timing to enable them to use unleaded fuel, and Vauxhall offers to carry out this minor work free of charge up to the end of the year. After such ignition adjustment the cars can still run on leaded fuel as well, an important proviso given the limited availability of unleaded fuel.

Making a virtue of having to meet tougher demands in its domestic market, Volkswagen of West Germany claims that it is now the first car maker to offer in the British market a

choice between standard and low emission models. From September British customers the choice of buying low exhaust emission Golf, Jetta or Passat models equipped with catalytic converters.

VW claims that large penalties in performance and economy do not have to be the price of what it describes in

rather exaggerated terms as "clean air motoring". Both the Golf GL and Jetta TX low emission models are claimed to be only 2 mph slower than their standard counterparts and also weigh them closely on fuel consumption. Models equipped with the catalytic converters are expected to be around 5 per cent more expensive.

Other manufacturers in Europe are following suit. Nearly all Fiat new cars and light commercial vehicles produced since May 1 can run on unleaded fuel, while Toyota of

Japan claims that all its petrol engine vehicles are designed to accept cheaper unleaded fuel without modification. The only exception is the catalytic converter equipped Calca GT-Four, the first car with an autocatalyst on sale in the UK, which has to use unleaded fuel.

Overall, there has been a large increase in the number of

lysts. According to a recent report by the platinum marketing division of Johnson Matthey, the UK precious metals and materials technology group, the proportion of newly-registered cars that are catalyst-equipped has risen due to pre-legislation tax incentives for buyers of "clean" cars, particularly in the Netherlands and Germany.

There is a strong tendency for the leading West German automakers to make catalyst-equipped cars their standard models, so that cars without catalytic converters are specially ordered. More than half of newly-registered cars in Germany are now fitted with catalysts.

Johnson Matthey estimates that consumption of platinum by West European automakers grew by 85 per cent last year compared with 1985 to 225,000 ounces, and it foresees continued steady growth of demand this year. Overall autocatalysts accounted last year for 36 per cent of total platinum demand in the western world.

The trend has been greatly encouraged by the increasing availability of lead-free petrol

in several countries. Although unleaded fuel can still only be bought at a small percentage of petrol stations in the UK, the European Community deadline requires that all new models can use lead-free petrol by October 1989. By the same date member countries should ensure "the availability and balanced distribution of unleaded petrol" throughout their territories.

Despite the confusion of the emissions debate in Europe, the European Community has finally adopted emission standards for all sizes of cars, with the final piece of the puzzle falling into place at the end of June with a surprising agreement among EC environment ministers to accept a set of standards for small cars up to 1.4 litres, standard for large and medium-sized cars was agreed in December with the adoption of the so-called Luxembourg Agreement.

The emission standards will be implemented voluntarily by individual member states, however, with West Germany and Benelux expected to be the first Community members to

legislate on the basis of the new EC Directive. France, Italy and the UK are committed to follow suit, but are expected to proceed more slowly.

Johnson Matthey says that the standards have been set so as to provide for the possibility of compliance by means of lean burn engines or catalytic converters or both in combination.

The scale of the challenge still facing the car makers is illustrated by its claim that "most 1.4-2.0 litre cars with lean-burn engines could not meet the Community standards without a catalyst to deal with hydrocarbon emissions."

At the same time the present Community test cycle is considered unrealistic in that it provides for an average speed of 12 mph and a maximum of 31 mph. Discussions are going on to formulate an extension to this cycle that would restrict urban driving conditions with a decision expected later this year. According to Johnson Matthey, "it is possible that the introduction of a high-speed element will make it more difficult, perhaps impossible, for some engines to comply with the small and medium car standards without a supplementary catalyst."

Kevin Done

All Vauxhall cars built since August 1985 can run on unleaded fuel without harm

Vauxhall, the UK subsidiary of General Motors, claims for example, that it is unique among the leading British car makers in that all its cars built since August 1985 can run continuously on unleaded fuel without harm. The cars need only an adjustment to the ignition timing to enable them to use unleaded fuel, and Vauxhall offers to carry out this minor work free of charge up to the end of the year. After such ignition adjustment the cars can still run on leaded fuel as well, an important proviso given the limited availability of unleaded fuel.

UNLEADED PETROL

Still a slow mover on the British forecourt

FIRST, the good news: sales of unleaded petrol in the UK have risen sharply in recent months. After the government lowered the tax on unleaded petrol relative to four-star in April - introducing roughly a 6p differential at the pump - some service stations selling unleaded reported three and four and five-fold increases in sales.

The bad news? Sales of this "fuel of the future" still do not amount to very much. Sales of unleaded petrol were so low before the budget that this latest rapid increase brings the total only to about 1 per cent of total petrol sales.

The British oil industry has been broadly disappointed with this public response to the government's policy of increasing unleaded consumption, although there is disagreement among Britain's major petrol retailers about precisely how "slow" the public response has been, and the reasons for it.

The British move to boost sales of unleaded petrol stems from two causes: European Community policies to have unleaded generally available throughout the Community within a few years, and

pressure from local environmental lobbies aiming to reduce poisonous lead in the environment.

Lead improves gasoline performance by reducing engine knock and allowing for higher compression ratios, thus improving power and efficiency. Unleaded fuel can yield the same performance, but only by a further, and more expensive, refining process.

The scientific link between health problems in children and lead in the atmosphere, as opposed to its presence in products such as paint, has never been clearly established. None the less, the oil companies have long accepted

the inevitability of the transition to unleaded and in Britain have invested more than £400m in the past five years to upgrade refineries to produce high-quality low-lead, and unleaded fuel.

Indeed, the amount of lead entering the atmosphere from petrol consumption has fallen by about 75 per cent in the past decade.

The British effort to increase unleaded consumption is to some extent modelled on the German experience. The German uptake of unleaded was negligible in 1985 when a 7p per gallon tax differential was introduced compared to premium leaded. It was not until a 12.5p differential came in 1987 that consumption rose suddenly, to 11 per cent, and has continued rising ever

since. The German tax differential is now set to decline to zero by 1990, yet projections are that unleaded consumption will account for over 50 per cent of consumption at that time.

In Germany, however, environmental awareness is generally far higher than in Britain, and there is to some extent a captive market because of the increasingly widespread use of catalytic converters to clean exhaust gases. Catalytic converters are ruined by using leaded fuel.

Britain introduced its first tax differential, of 5p, in 1987, which led to a sharp increase in the forecourt conversion programme. In the year after the budget, the number of stations offering unleaded had nearly quadrupled, but as the

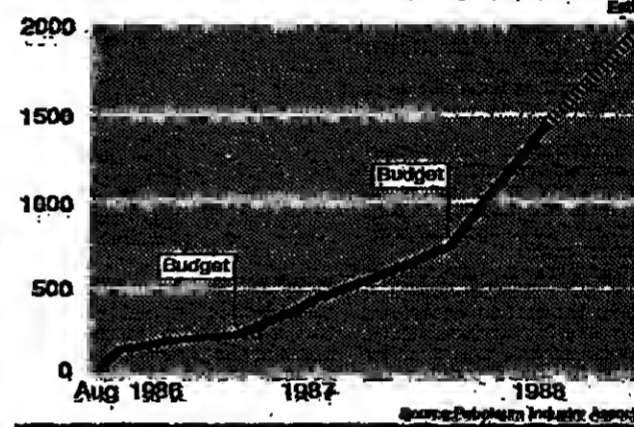
price of unleaded was roughly equal to premium leaded fuel, sales were negligible.

Now, with an 10.5p tax differential there is a real financial incentive to use the new fuel. Uptake, at the 1 per cent level, has disappointed some in the oil industry who expected the public response to a possible money-saving product would be greater.

In fact, the "slowness" of the response is a complex issue and it is probably too early to know if the government's tax differential is adequate, despite the view of some, including Keeso, that a bigger initial differential is needed to get sales rolling.

For one thing, although Shell, Esso, and BP, Britain's biggest petrol retailers, all report sales in the region of 1

Unleaded petrol stations in the UK



per cent of total petrol throughput, average sales in stations that have unleaded on offer range from 4 to 6 per cent.

With only about one in six stations of the major retailers, and "far fewer" in smaller dealers, selling unleaded, for most of the public the product does not yet appear to be widely available. This, of course, is changing rapidly and

2,000 stations throughout Britain are expected to offer unleaded by the end of year. That's where the conversion problem. The Petroleum Industry Association, which represents the major oil companies, believes sales have been dampened by a number of basic misconceptions. One half of Britain's "lean" cars on the road could take unleaded, but most of these cars would need

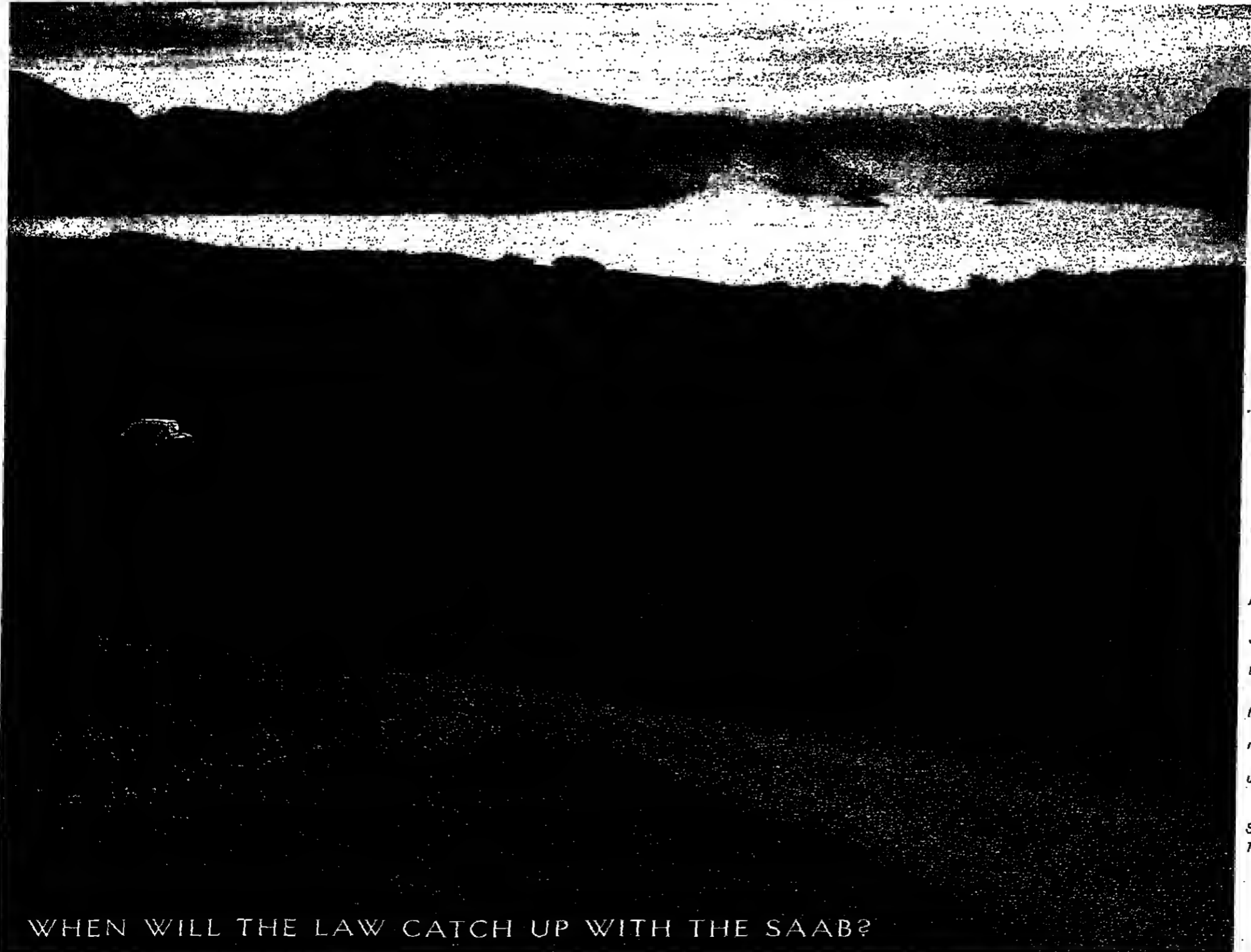
minor engine retuning first and many motorists still do not know whether their cars can use the product.

Additionally, the FIA says there is a widespread misconception that a car returned to use unleaded can no longer use leaded fuel, which is not true. It is possible that a catalytic converter that causes difficulties for using unleaded. Cars returned for unleaded can continue to use leaded fuel with an insignificant effect on performance.

The report of these misconceptions, says the FIA, is that the public is throwing away about £2m a week by filling in use cheaper fuel. The FIA would like to see a more vigorous government effort to educate the public.

The slow public response is, of course, an expensive disappointment for the oil companies, because of the huge infrastructure they have created for the delivery of unleaded fuel. Yet while the speed by which unleaded catches on may displease the industry, it is clear the trend was "firmly set" by this year's budget.

Steven Butler



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ADDRESS _____

POSTCODE _____ AGE (if under 18) _____

Present car(s) Make/Model (eg Vauxhall Cavalier 1.6L Estate)

1. _____ 2. _____

1. Year of registration _____ 2. Year of registration _____

1. Company Car Private 2. Company Car Private



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ENVIRONMENT 4

FARM POLLUTION

Erosion threatens Europe's agricultural land

OVER THE past few years, the world has grown accustomed to butter and wheat mountains, or wine lakes - those huge surpluses which are the creation of the rich world's subsidised farming. But *manure* mountains?

It is one of the many ironies of the success of modern farming, in the European Community and the US in particular, that along with increased farm production has gone increased

north of the Community stem principally from intensive agriculture, those in the south are chiefly those of soil erosion and the "desertification" of once-farmed land.

Four specific problems are identified as resulting from intensive farming:

- deterioration of habitats and the extinction of wildlife species as a result of pollution and the draining of natural wetlands;

"Slurry can be can be 100 times and silage 200 times as polluting as untreated domestic sewage," the report noted, adding that, while there were 1,500 incidents of farm pollution reported in Britain in 1979, this had risen to over 3,500 by 1985. Four-fifths of these were slurry and silage pollution.

"Widespread alarm was expressed to us on this topic. For the most part, farm wastes pollute high quality rivers which were previously clean. This has been a key factor in the net downturn in river quality in the past five years."

The delay is at least partly due to difference between the Ministry of Agriculture, which favours a relatively lenient approach and the Department of the Environment, which would like tougher controls.

If in Britain control of farm pollution remains highly controversial, the EC Commission in Brussels is already suggesting the way ahead. It proposes action in four main areas:

- the extension of the system of "environmental impact assessment" to large-scale agricultural, afforestation or transport projects;
- a revision of 1976 legislation on permissible pesticides and possible new controls to limit the availability of others;
- controls on the amount of animal waste and chemical fertiliser which can be deposited on soils, limiting them to what can be absorbed without leaching;
- encouragement of organic farming as an alternative to heavy use of chemical aids to farming.

Holland and Denmark have introduced tough anti-pollution legislation, but controls in Britain are less stringent

pollution. Chemical fertilisers like nitrates are leached from the soil to pollute rivers and streams; the "slurry" effluent from pigs and cattle, or the liquor from grass silage made for cattle feed have the same effect.

Pesticides threaten both wild flora and fauna and sometimes humans too. Additionally, there are the more subtle depredations of modern farming methods on traditional landscapes as hedges or peat bogs disappear under the plough or succumb to serried ranks of marching conifers.

the misuse and/or overuse of chemicals and animal manures which lead to eutrophication (over-enriched soils which kill animal life), nitrate and pesticide pollution. "In many regions of the EC, nitrates in drinking water exceed the Commission's guideline of 35mg/litre and sometimes the maximum limit of 50mg," the paper notes.

- landscape changes, such as unsuitable afforestation, removal of hedges, and wetland drainage, which destroy flora and fauna;
- ammonia evaporation into the atmosphere from intensive livestock production as a serious source of air pollution.

The report pointed to another "major concern" - that of the likelihood of increased conifer woodland as changes to the common agricultural policy brought about more afforestation on marginal land. "If this expansion takes place in certain upland areas, it will exacerbate acidification of rivers and damage water quality in other ways as well as reducing yields to reservoirs and rivers."

In its conclusions, the Environmental Committee urged the British Ministry of Agriculture to "take a far more interventionist and regulatory approach to farm pollution" - an attitude endorsed a few weeks ago by the British Water

Authorities Association. The WAA reported a 76 per cent increase in prosecutions of farmers causing pollution in 1987, declaring that the worst pollution was caused by farmers who did not have adequate storage for slurry.

Silage and slurry are already recognised as major problems in Holland and Denmark. The Danes have recently brought in legislation which requires each livestock farmer to have a tank sufficient to hold nine months supply of slurry.

Last week, in response to the committee's report the British government announced a £700m programme to reduce pollution of rivers and estuaries over the next four years.

The Ministry of Agriculture favours a relatively lenient approach, but the Environment Department would like tougher controls

long-term and synergistic effects of the release of these substances into the environment."

As for the farmer, he "should be made aware that his role is not limited to agricultural production in itself, but should also extend to the maintenance of the rural environment." And society as a whole "has to accept the fact that the farmer, as manager of the environment, is rendering a public service which merits an adequate remuneration."

"*Pollution of Rivers and Estuaries. Session 1988-87. 3rd Report from Environment Committee. HMSO £2.*

Bridget Bloom



Part of the proposed Blue Water Park development on the site of Blue Circle's quarry at Stone, Kent, which will create one of the UK's largest leisure, shopping and recreational complexes

Interview with Sir David Attenborough

Our heritage of wildlife

ENVIRONMENTALISTS come in many guises.

In West Germany and Japan they stage pitched battles with riot police to prevent the building of nuclear power stations and airports.

In the US they picket the World Bank to protest about development aid that encourages the burning of tropical rain forests or the flooding of peasant smallholdings by hydroelectric dams.

On the high seas Greenpeace ships roam like latter-day pirates, engaging navies in skirmishes which they are bound to lose but which will generate worldwide headlines.

In Britain, however, environmentalists tend to be a gentler breed. We call them nature-lovers. The cause is supported by the Great and the Good: the Royal Family, the sporting cross-benchers in the House of Lords, all the way down to country persons and retired military men.

Love of nature is part of the Englishman's character, or so he likes to think. Few would dare, like William Hazlitt, to say: "There is nothing good to be had in the country, or if there is, they will not let you have it."

The countryside is chic. No wonder Mr Nicholas Ridley, the Environment Secretary, is being hunted like the fox for his attempts to get more virgin land released to developers in the overcrowded South-East.

The British way of defending the countryside is embodied by a body called the Royal Society for Nature Conservation, a federation of 47 independent-minded local trusts. It has Prince Charles as its patron and a fund-raising council which includes as many titled names as a page of Debrett's.

Half way through a five-year, £1m appeal, the society has already raised the equivalent of £7.5m in cash and land to add to the 120,000 acres already managed by its member trusts.

Its purpose is to protect the diminishing stock of heath, moorland, woodland, marsh, meadow and down where the rarer plants, insect, birds and animals live. Green lobbies

love grim statistics: 125,000 miles of British hedgerows uprooted, 95 per cent of hay meadows lost, 80 per cent of chalk downlands, 50 per cent of marshes, 40 per cent of natural woodlands.

Among recent acquisitions funded by the appeal are Kingcombe Meadows near Dorchester, 328 acres of farmland where pesticides have never been used. The money for this purchase, was given by Mr J Paul Getty Jr. Other purchases include a quarry of ancient rocks in Staffordshire, a piece of oak forest at Braydon in Wiltshire and 85 acres of heath at Sopley Common in Dorset, home of the sand lizard and smooth snake. Wild orchids and the giant Bellflower have been taken into care at Rose End meadows in Derbyshire.

Big business has become involved, for philanthropic or public relations reasons. The Central Electricity Generating Board is helping to look after the Little Tern and the Adonis blue butterfly. British Rail has donated 200 of its acres. Shell UK has given £22,000. Barclaycard has put in 150 acres of wetlands in the Neus Valley, Northants, and the John Lewis Partnership has funded a waterfront project on the River Ouse in Cambridgeshire.

Kellogg's has lent its cornflake packets, Rudolf Nureyev has danced, Coalport has commissioned plates and David Shepherd, the wildlife artist, has given one of his paintings.

The chairman of the appeal is Sir David Attenborough, the TV producer and naturalist. He says the strength of the trusts is that they are run by volunteers working in their own areas with a perspective denied to semi-statutory bodies like the Nature Conservancy Council and the Countryside Commission.

"Unless you get the perspective right, local people lose out," he argues. "It's no consolation to people in Surrey to lose something just because there's lots of it in Scotland."

"What we are fighting for is our heritage of wildlife and wild places, a source of delight,



Sir David Attenborough

the Education Reform Bill that would attach study of the environment to the national curriculum. Although the attempt failed, the society says it was assured by the Department of Education and Science that such "cross-curricular" school-work would in practice be encouraged.

Mr Simon Perry, the society's head of education, says: "We are afraid that there will be a certain amount of back-peddling. If a subject is not part of the attainment targets and is not tested, it may not be taught." But he says that the present level of environmental education is good, especially in primary schools where children study wildlife as an introduction to the natural sciences.

Conservation societies are also getting involved in the legislation for privatising the water industry, to ensure that they retain the right to be heard that they presently enjoy. They suggested a sheaf of amendments to the Wildlife and Countryside Act of 1981, returning to the fray subsequently on behalf of badgers. Unlike the otter or dormouse, the badger is still not fully protected.

Last year they tried to secure an amendment to planning legislation for the Norfolk and Suffolk Broads that would give wildlife greater security.

The society's appeal was launched at a time when EC subsidies had driven land prices up. But it was also becoming clear that agriculture policy was shifting under the weight of the EC's budgetary problem. The results of that shift can now be seen, and farmers are being offered money to take land out of production again.

Meanwhile, the Chancellor's last Budget has stopped some of the tax loopholes that encouraged millionaires to plant conifers in beauty spots.

Christian Tyler
is chairman of the British Wildlife Appeal, 164 Vauxhall Bridge Road, SW1V 2BB (tel: 01-823 1657).

The extent and potential dangers of agricultural pollution, as well as the degree to which farmers themselves should be held responsible, are hotly disputed between farmers' organisations, conservationists and governments.

Within the EC, with a common policy so far only on the horizon, the degree to which farm pollution is controlled tends to mirror the strength of local environmental or conservationist lobbies. Holland and Denmark have recently introduced quite tough anti-pollution legislation; controls in Britain are less stringent.

In an important submission to the EC Council of Ministers last month, the European Commission defined the problem as seen from Brussels. The Commission paper - published so far only in summary - insists on the necessity of a flexible approach, if only because while farm pollution problems in the

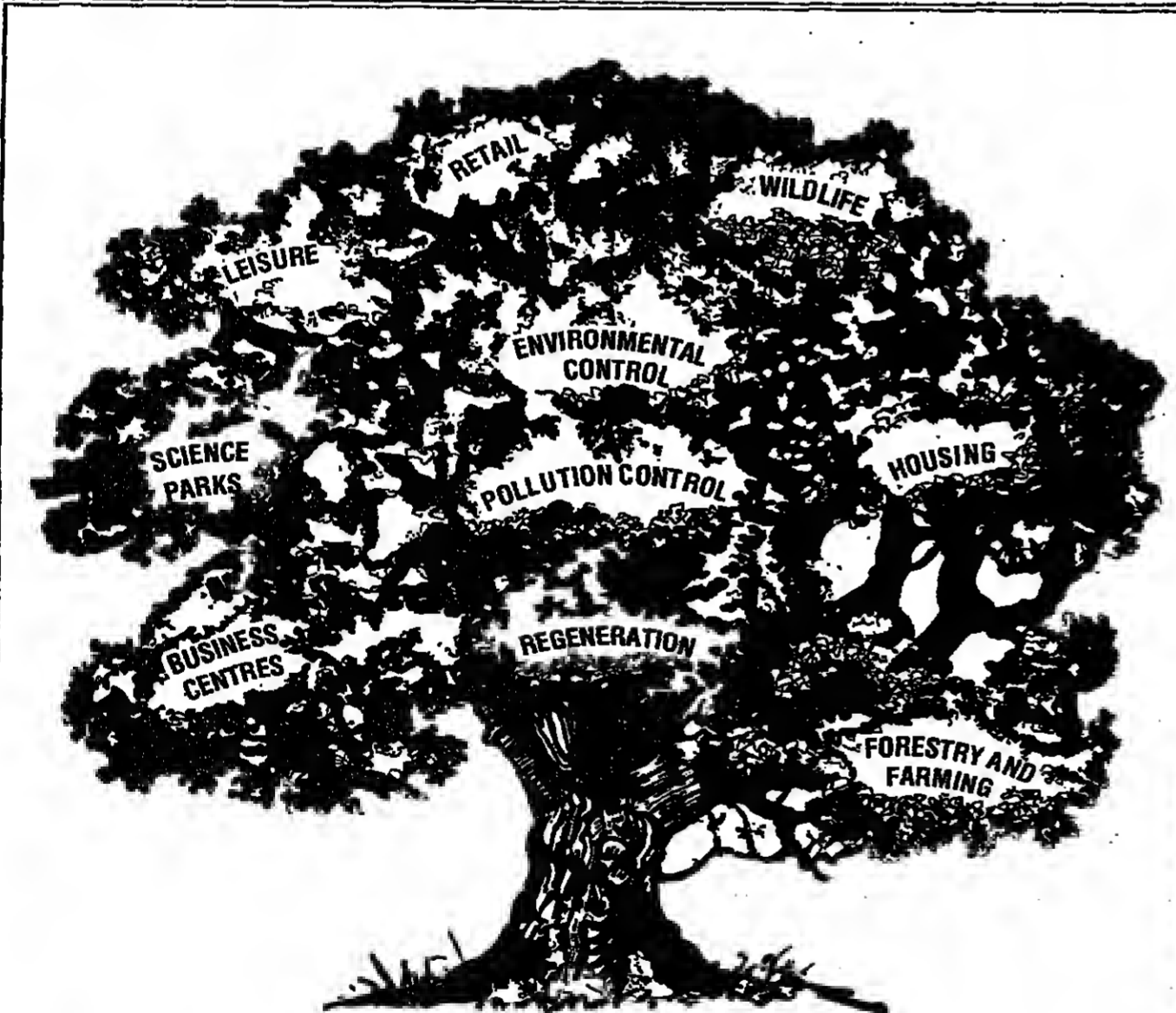
the misuse and/or overuse of chemicals and animal manures which lead to eutrophication (over-enriched soils which kill animal life), nitrate and pesticide pollution. "In many regions of the EC, nitrates in drinking water exceed the Commission's guideline of 35mg/litre and sometimes the maximum limit of 50mg," the paper notes.

- landscape changes, such as unsuitable afforestation, removal of hedges, and wetland drainage, which destroy flora and fauna;
- ammonia evaporation into the atmosphere from intensive livestock production as a serious source of air pollution.

In addition, the Commission estimates that at least 25m hectares of land in the EC - an area eight times the farmed area of the Netherlands - is threatened by erosion and by major changes to soil structure brought about by pollution. Losses of topsoil in certain areas of the Mediterranean can amount to three tonnes a hectare, the paper claims.

There have been a number of studies undertaken in Britain recently which mirror the Commission's findings.

In May 1987, for example, the all-party House of Commons Select Committee on the Environment published a critical report on Pollution of Rivers and Estuaries. This identified the "most pressing" problems as environmental pollution from slurry and silage and from nitrate leaching.



Blue Circle is Branching Out!

What's the largest cement company in the UK got to do with environmental care? Surely it is more concerned with concrete jungles than verdant forests?

But that's where you would be wrong! Ever since Blue Circle began digging holes in the ground, they have been thinking of imaginative and environmentally amicable ways of filling them again.

Like Blue Water Park in Kent where they are creating new forests and pastureland, and the largest leisure and retail complex in the UK, within the quarry left after nearly 90 years of chalk excavation.

Or Greys, in Essex, where another redundant quarry is being turned into a new town that provides much-needed amenities for the local population and 'green corridors' for the local badgers. The company even diverted an access

road to avoid a colony of rare spiders.

On the anti-pollution front, Blue Circle has developed a process control system, called LINKman, that halves even the relatively small amounts of acidic gases produced in the kilns. It makes the cement-making process more efficient too.

Eliminating environmentally harmful waste at the same time as generating profits isn't just a load of rubbish for Blue Circle. The Westbury Works in Wiltshire has invented a process that uses domestic refuse as a supplementary fuel in cement kilns - thereby reducing the coal bill by as much as 20%.

The list goes on. Wherever Blue Circle's activities impinge on the environment, they go to great lengths to lessen or reverse the impact. Many of their regeneration projects have the co-operation of local conservation groups and the blessings of local councils.

So if you thought Blue Circle was only in the cement business, you'd be barking up the wrong tree.



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WORLD WIDE FUND

Saving the tropical forests

THE CONSERVATION of tropical forests is now World Wide Fund's top priority. Home to almost half of the world's known species, they are being destroyed at an alarming rate, says WWF, which claims to be the world's largest voluntary organisation devoted to conservation.

About half the world's tropical forests have gone this century and at present rates of destruction there will be no undamaged tropical forests left within the lifetime of children born today, WWF warns.

Much of the damage is caused by land-hungry people moving into the forest and exhausting the soil. Commercial logging and cattle-ranching also cause destruction.

WWF is actively working in many of the world's threatened forests - in Africa, the Far East, Central America and elsewhere - to curb the tide.

Korup in Cameroon is a different kind of conservation project and one of the most ambitious. WWF has undertaken a project to protect the Korup National Park. Here, on more fertile land, there will be projects in sustainable hunting, agriculture, forestry and fish farming.

WWF has a small full-time staff in Cameroon but in addition commissions world experts in forest agriculture, plant medicine and other specialist topics to study conditions in Korup and look for solutions.

One of the first discoveries is that the introduction of a virus-resistant cassava, the staple diet of the forest people, will greatly increase yields. And crop rotation, not at present practised, will help reduce plant infections in village plots and home gardens.

Some forest giants such as the wild mango tree and other fruit and nut trees are being reduced in height and their fruiting cycle speeded up to make them more acceptable to the local farmers.

Early in the 20th century German colonial administra-

tors planted trees known to yield quinine in Cameroon. Today WWF experts have helped to identify more than 90 naturally produced chemical substances in Korup - 38 new to science - with potential uses in industry or medicine.

These "medicines from the forest" may help to reduce Cameroon's dependence on costly imported pharmaceuticals, according to WWF.

AIR

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THE ENVIRONMENT AND IN HUMANS.

THESE EFFECTS ARE MOST OBVIOUS IN
CHILDREN.

(THE YOUNGER THE CHILD, THE GREATER
THE DAMAGE).

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ALL TOYOTA CARS ARE DESIGNED TO
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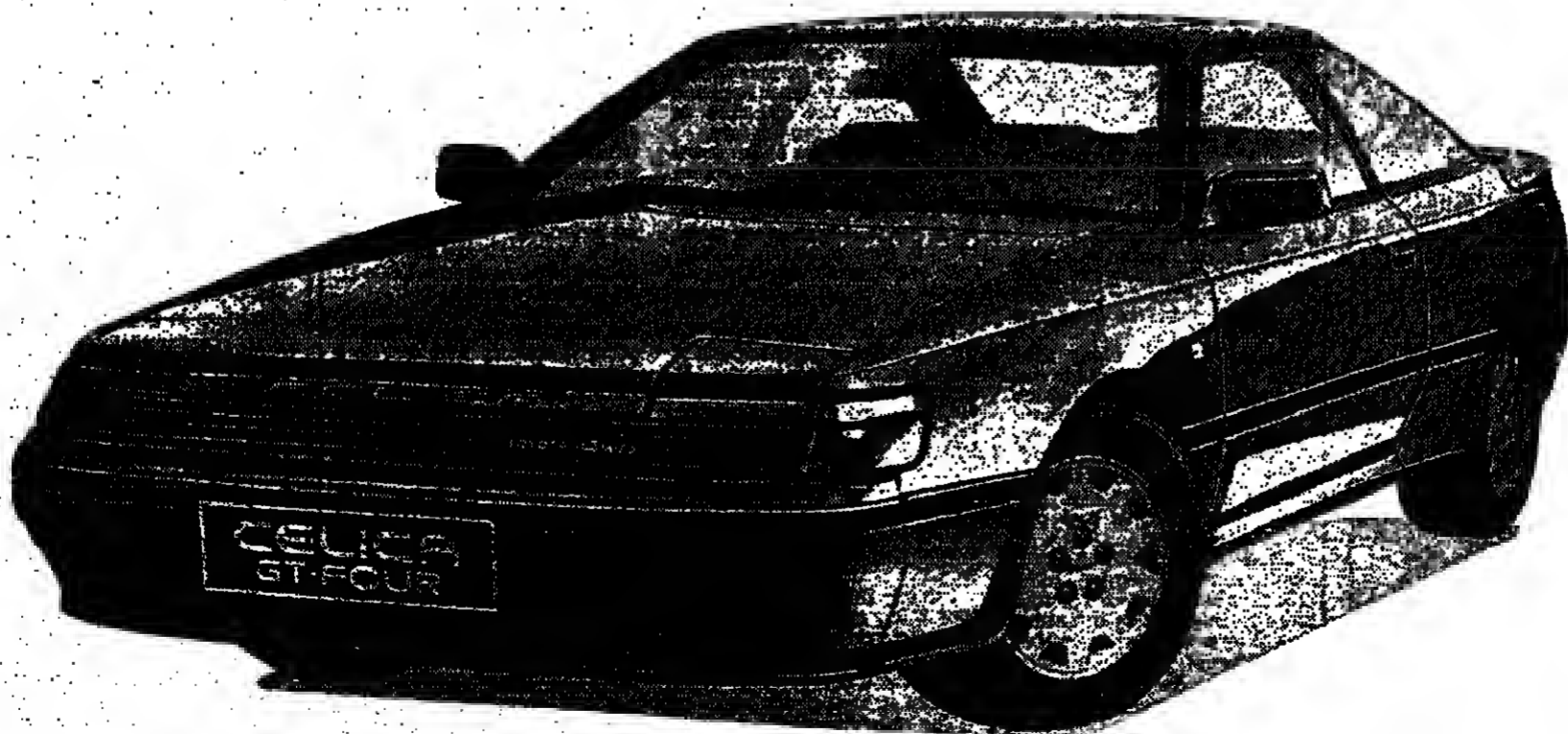
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ENVIRONMENT 7

John Elkington on the pursuit of sustainability and the greening of consumerism

Industry, from being the villain of the piece, becomes a natural partner



Aerosols destroyed

A COST-effective method of disposing of aerosol containers has been developed by Biffa Waste Services, part of the BEE group. The company's aerosol destructor at Bray, near Maidenhead, in Berkshire, destroys the aerosols under controlled conditions. The destructor is Biffa's answer to the increasing concern being expressed by the public and local authorities about the way aerosol containers are deposited in landfill sites.

There is an explosion risk when old or defective aerosols are first put in the ground and crushed by a compactor vehicle - and there is a further risk when natural decomposition raises their temperature. At Biffa's aerosol destructor, the cans are fed by conveyor belt into a shredder and the residual liquid is taken away for treatment. Only the shredded cans - a fraction of the volume of the original untreated containers - are landfilled.

Incinerator to cost £20m

A £20m incinerator is to be built in the North-East of England by Ocean Environmental Management (OEM), part of Ocean Transport and Trading. With a capacity of 30,000 tonnes a year, it will be used chiefly to dispose of organic chemical wastes. Through its subsidiary, Cory Waste Management, OEM claims to operate the largest waste treatment plant in the South. More than 50,000 tonnes of waste can be handled each year, and the polymer resulting from the treatment process is landfilled at Cory's site at Mucking in Essex. However, according to Mr

Huntrey Smeeton, managing director of OEM, "increased environmental pressure on industry will result in considerably greater demand for environmentally harmless methods for the treatment and disposal of hazardous waste, as opposed to direct landfill. We expect to commit further substantial resources to meet this increased demand." Through National Environmental Testing, its US subsidiary, OEM has a network of regional laboratories offering environmental analytical and toxicological testing services. There are plans to expand in Europe "in the near future."

"Bhopal sent us back to the drawing board," says Budd Smith, appointed to the new post of vice-president for health, safety and environment at Union Carbide in the wake of the world's worst chemical disaster.

Although Union Carbide is now convinced that sabotage was to blame, Mr Smith told a major conference in Washington, DC, last month that the company had radically overhauled its environmental strategy.

The conference provided a rare opportunity to assess how far US and European Community companies have moved in pursuit of "environmental excellence."

Organised by the International Environmental Bureau, part of the International Chamber of Commerce, and the World Bank, the event also hailed the extraordinary role played by Mrs Gro Harlem Brundtland, Norway's Prime Minister, in the worldwide shift to more environmentally sustainable forms of economic development.

The scale of the challenge facing us was underscored last year by the report of the World Commission on Environment and Development, which Mrs Brundtland chaired. "Given population growth rates," the commission concluded, "a five to tenfold increase in manufacturing output will be needed just to raise developing world consumption of manufactured goods to industrialised world levels by the time population growth rates level off next century."

Once viewed as the invariable villain of the piece, industry is increasingly seen as a potential part of the solution. But Mr Smith did not underestimate the difficulties of overhauling the environmental performance of a major company. "If you don't have the support of your chairman, or if senior management isn't on board," he warned, "I'd go and find another corporation to work for."

Environmental risks - noted Mr Donald Bahn of Procter & Gamble, are business risks. If you use chemicals like polychlorinated biphenyls (PCBs), which have an image almost as bad as DDT, "you

risk plant shutdowns which could jeopardise your ability to supply entire markets." As a result, Procter & Gamble has been moving away from PCBs much faster than the law demands.

Hazardous wastes were top of the agenda. "The best way to manage waste," stressed Mr Don McCullister of Dow Chemical, "is to avoid producing it." Once considered Public Enemy Number One by environmentalists, Dow is now justifiably proud of its "Waste Reduction Always Pays" (Wrap) programme.

The commercial benefits of such programmes can be substantial. The Pollution Preven-

tion Pays (or 3P) programme operated by 3M has already saved the company an estimated \$42m.

There was no shortage of confessions at the conference, however. "We've made mistakes," admitted Mr Victor Sussman of Ford. "We try to learn from these things."

The company recently sold a vehicle assembly site in New Jersey, but later found that the soil and groundwater were extensively contaminated. Ford has since spent over \$10m on clean-up operations and Mr Sussman predicts it could end up paying more than \$20m it got for the site.

Perhaps not surprisingly, the Americans pioneered what is called "environmental auditing." Allied-Signal began its auditing programme in 1976. "There's no punishment for having problems," explains Mr Jonathan Hunt, the company's environment director. "There's punishment when problems fail to surface. Let's get the problem up in front of us so we can work on it."

Now European companies are catching up fast. "The auditor's role is not that of an environmental policeman," cautioned Mr Gottfried Eigenmann, who heads Ciba-Geigy's environmental auditing unit in Switzerland. "This isn't a hold-up, nor a head-hunting affair. We let the plants know when we will be

coming. If they resolve their problems because they know an audit is coming, that is OK with us." But the auditors are careful not to let plant managers dictate what they see. "We always ask to see the backside of the plant," he explained.

Mr William Buckelshaus, twice administrator of the US Environmental Protection Agency and a member of the World Commission on Environment and Development, stressed that "the pursuit of sustainability is not about doing good. It's about creating wealth."

"It is simply not possible for three-quarters of the world's population to repeat the mistakes we have made."

The expertise of the leading multinational corporations is now seen as a critical asset in the business of sustainable development. To make it available to the Third World's "plus" customers, the International Environmental Bureau acts as a non-profit conduit.

IEB, says its chairman, Mr David Rodderick, USX chairman, was launched as a free market mechanism to "try to get to solutions - and to cut out a lot of the red tape." India has been the biggest user of IEB's services to date.

European companies like Shell, ICI and Bayer have also been investing heavily to improve their environmental performance. Earlier in 1988, indeed, BP became the first European company to win the World Environment Centre's gold medal.

The pressures on British business will continue to intensify, however. Toxide, for example, has just announced that it will have to spend £220m over 10 years to clean up the River Humber. The Americans may still lead the field, but this is no one-horse race.

Even financial institutions are waking up to the need for increased environmental spending. Dr Hellmuth Bergmann, the European Investment Bank's chief technical



John Elkington, managing director of SustainAbility

adviser, notes that the bank's environmental spending more than doubled to Ecu5.16bn in 1987 - out of a total spend of Ecu5.74bn. All project proposals are now subjected to environmental assessments and the bank is investing heavily in water and air clean-up projects.

The impending privatisation of Britain's water and electricity supply industries is forcing the City to think about such issues as sewage pollution of rivers, acid rain and even the emerging global "greenhouse effect."

The environmental industry, employing some 2m Europeans, is itself proving an increasingly attractive investment prospect - with some 9,000 companies active in pollution control alone.

New partnerships are constantly being developed. "Individual companies must be helped to develop their environmental policies and programmes," says Mr Tom Burke, director of the Green Alliance, "and to communicate what they are doing to opinion-formers and the public. Environmental training must be the norm for managers and staff, at every level, from company introduction courses to MBA programmes."

One vital area where Europe leads the pack, meanwhile, is in the greening of consumerism. The trend first emerged in countries like Switzerland and West Germany, but could spread to Britain, too.

September sees the launch of the first national Green Consumer Week, sponsored not only by campaigning groups like Friends of the Earth and the World Wide Fund for Nature, but also by businesses like Anita Roddick's Body Shop.

The major supermarket groups are sensitive to the potential threat. Some - including Safeway, Sainsbury, Asda and Tesco - are doing their best to appear environment-friendly. Organic produce is available and CFC-free aerosols are on display. The Co-op is switching from plastic back to recycled cardboard egg-boxes, while Tesco is introducing lead-free petrol.

In short, expect more major advertising campaigns promoting "green" products. Selling sustainability will not be the same as selling the latest washing powder, but sold it must be. The time is not too remote when we may find ourselves wondering how we ever did without it.

Managing director of SustainAbility, John Elkington is co-author of *The Green Capitalists* (Goldman, 1987), *Green Pages: The Business of Saving the World* (Routledge, 1988) and *The Shrinking Planet* (World Resources Institute, 1988).

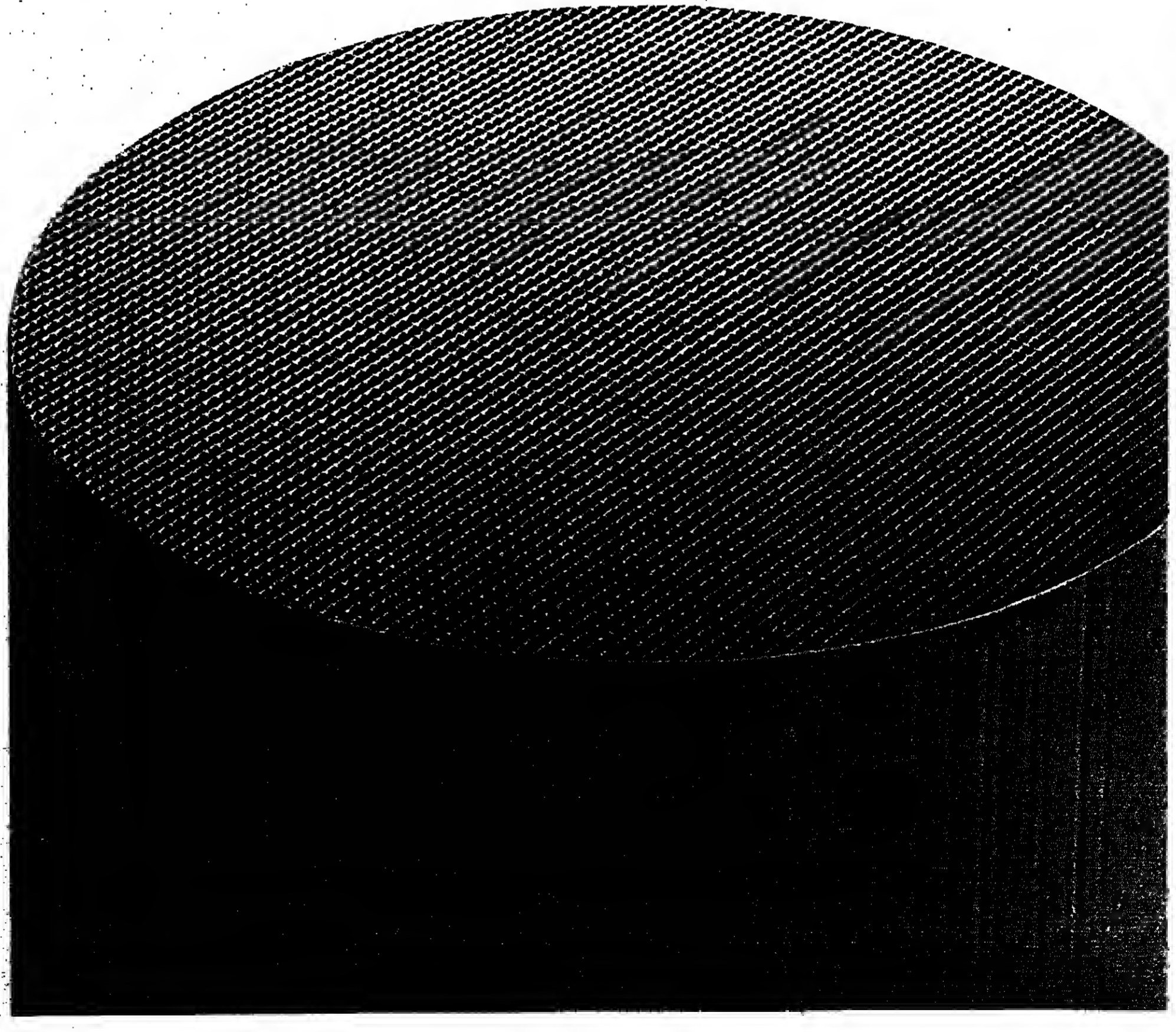
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ENVIRONMENT 9

David Marsh looks at the need for greater international co-ordination

West Germany tightens guidelines

THE DEATHS of hundreds of seals this summer on the North and Baltic Sea coasts of West Germany, Denmark and the Netherlands have been the latest and most visible sign of the internationalisation of environmental issues.

An epidemic killing the seals and other sea-life, accompanied by large concentrations of what have been dubbed "killer algae" in coastal waters, has been linked to growing pollution of the North Sea by industry and agriculture.

In West Germany, where the environment is far closer to the top of the political agenda than in most other countries, the demise of the seals focused attention again on the need for far greater international co-ordination of anti-pollution policies.

The drama on the coast may have been less intense than the alarm signals sent around the world by Bhopal, Chernobyl and the Sandoz chemicals fire in Basle during the past few years.

But it has underlined again that the cause and effect of environmental mishaps inevitably run across international borders. Prevention and control of pollution damage is now a centrepiece of international politics.

The North Sea has already been in the public eye following the Conference in London in November last year in which coastal countries undertook to cut flows into the sea of pollutants by 50 per cent in the period up to 1995.

As a result of the seals' fate, fresh publicity has now been given not only to the 11,000 tonnes of lead, 22,000 tonnes of zinc and 50 tonnes of mercury dumped in the North Sea each year. Organic substances - 1.5m tonnes of nitrogenous material and 100,000 tonnes of phosphate, from fertilisers, human and animal waste and detergents - also flow into the sea each year, most of it from the Rhine and the Elbe.

Pressure is now growing from the Federal Republic and other states for last year's agreed North Sea pollution reduction deadline to be brought forward.

But as long as the exact cause of the latest North Sea catastrophe remains unclear, the debate is likely to remain emotional and innocuous.

Mr Klaus Toepfer, the West German Environment Minister, has already been battling hard in the last few months to try to move the EC into accepting German-style guidelines on reduction of noxious emissions from cars and industrial plants.

West Germany has been in the vanguard of EC states trying to bring in uniform rules for vehicle emissions thought to be major contributors to acid rain. It also wants requirements for power stations and industry plants to reduce sulphur and nitrogen oxide emissions to similar levels on a co-ordinated basis throughout the EC.

Showing the practical difficulties of international harmonisation, Mr Toepfer was able to clinch only a half-success last month when EC environment ministers agreed steps to cut by half by 1993 exhaust fumes from smaller car engines of 1.6 litres and less.

The new regulations cover 80 per cent of cars in the EC, but only one third of those in West Germany.

The Federal Republic, like the Netherlands, Denmark and Greece, wanted lower exhaust levels than those which were agreed. But Bonn accepted the agreed compromise on the grounds that even a second-best accord on car pollution was better than none at all.

On this summer's North Sea pollution, Mr Toepfer believes that this is more important than the other incident which has hogged West German environmental matters.

As West Germany tightens up its own environmental guidelines, the bid to win international harmonisation is likely to become more important. In a European Community aiming to promote free movement of goods and capital, the Federal Republic knows that it is likely to lose out in jobs and investment if industries shift operations to areas with less restrictive environmental regulations.

West Germany's sensitivity over the ecology has already been blamed for part of the large foreign investment drive by important parts of the country's industry - above all the chemicals sector - in recent years.

Especially in view of the

mental matters, Mr Toepfer has now been turning his attention eastwards. He has just come back from a trip to East Berlin this month in which East Berlin was encouraged with promises of technological co-operation and hard cash to reduce pollutants from power stations and industry into the air and rivers.

On the other hand, the flip to jobs and industrial strength from improving the environment should not be underestimated.

A total of 400,000 jobs in West Germany are now in sectors directly or indirectly connected with environmental protection. The industry's turnover in this area is estimated at DM 20bn a year.

The Bonn government - and many industrialists - believes that West Germany could lose out in the short run over its strict environmental approach. But by the end of the century, assuming that international harmonisation by then is a reality, the Federal Republic could reap great benefits by being already well ahead of its competitors in the environmental protection stakes.

EC's plans to complete an integrated internal market by end-1992, the competitive disadvantages which could accrue from rigorous West German policies on air and water pollution have become a subject of political debate.

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KLAUS TOEPFER is the man in the West German government faced with the strenuous task of marrying Oekologie with Oekonomie.

As Bonn's Environment Minister since May 1987, he has the difficult job of steering a middle line between the ecological sensitivities of his countrymen and the strong vested interests of West German industry - as well as the requirements posed by international co-operation.

Mr Toepfer has just had a first-hand opportunity of seeing the benefits and the limits of efforts to harmonise the EC approach on the environment. He has been in the chair of the EC's Environment Ministers' Council during Bonn's six-month stint as Community president in the first half of the year. The balance seems to have been one of modest success for West German drive to inspire other west European countries with environmental-mindedness.

A university professor born in Silesia (now part of Poland), Mr Toepfer took over when his predecessor, Mr Walter Wallmann, left to become Prime

KLAUS TOEPFER

Publicity pays off

Minister of the state of Hesse.

Like Mr Wallmann, Mr Toepfer, a technocratic Christian Democrat with a liking for beer, has seldom been out of the headlines. But, unlike his predecessor, Mr Toepfer, previously Environment Minister in the state of Rhineland Palatinate, brought to the Bonn Ministry practical and academic

experience in environmental matters.

The Minister is often accused by ecologists of lacking the political clout to make an impact on the cabinet. But his organisational talents and professional grasp of the subject matter have stood him in good stead over the last turbulent year.

Mr Toepfer, who will be 50 at the end of this month, earned the nickname "Katastrophen-Klaus" during his period of office in the Rhineland Palatinate. This reflected his practice of demonstrating ministerial zeal by paying lightning visits, with a TV camera team in tow, to ecological damage spots ranging from streams with dead fish to forests suffering from acid rain.

The Minister admits he faces criticism for turning such trips into publicity stunts. But he also says that people would be complaining if he did not take the chance to see such damage for himself. Mr Toepfer has been much photographed lately with dead baby seals on the north German coast following this summer's outbreak of "killer algae" in the North Sea.

This has been the latest in a series of mishaps keeping the environment a burning domestic issue. Mr Wallmann was brought into the government to calm West Germans' fears after the Chernobyl nuclear disaster, and had to face a barrage of controversy over the effects of the Sandoz chemicals fire in Basle in November 1986.

Mr Toepfer has had to cope on the other hand with the fall-out of the Transnuclear nuclear scandal at the beginning of the year, centring on unauthorised transfers of radioactive nuclear waste. He has played a big part in pushing through government direc-

The Kalkar imbroglio

tives to force industry to lower use of chloro-fluorocarbons blamed for thinning the earth's protective ozone layer.

The Minister has been at loggerheads with the tobacco industry over the health effects of smoking. He has grappled with soft drinks manufacturers and supermarket chains over plastic throwaway bottles.

And he has found himself pitted against Mr Ignaz Kiechle, the Bavarian Agriculture Minister, over the issue of excess fertiliser use by German farmers - one of the factors behind pollution in the River Elbe and the seals' demise in the North Sea.

Mr Toepfer's latest battle is over the virtually completed West German fast breeder reactor prototype at Kalkar on the Lower Rhine.

The Minister is no unrestrained supporter of nuclear energy. Like many German politicians on both right and left, he believes in working towards an ideal future where renewable energy resources would obviate the need for nuclear power.

None the less, as the minister in charge of nuclear safety, Mr Toepfer is in the throes of legislative jousting with the state government of North Rhine Westphalia over forcing the state to complete the nuclear authorisation procedure for the Kalkar plant.

The Kalkar imbroglio is just one of the themes which will keep Mr Toepfer in the public eye. He faces a further test if he is put forward, as seems possible, by the Christian Democrats to fight the 1990 state elections for the right in the state of the Saarland, at present run by the Social Democratic Party.

If he runs in the Saar, heavily sensitised to environmental issues (above all over the nearby French nuclear power complex at Cattenom) Mr Toepfer's ministerial profile will bring him advantages as well as drawbacks. In the heated West German ecological debate, he stands frequently accused of offering no more than prophylactic remedies. But, especially on the issues of international co-operation over nuclear safety or the North Sea, no-one knows better than Mr Toepfer that the environment provides more problems than solutions.

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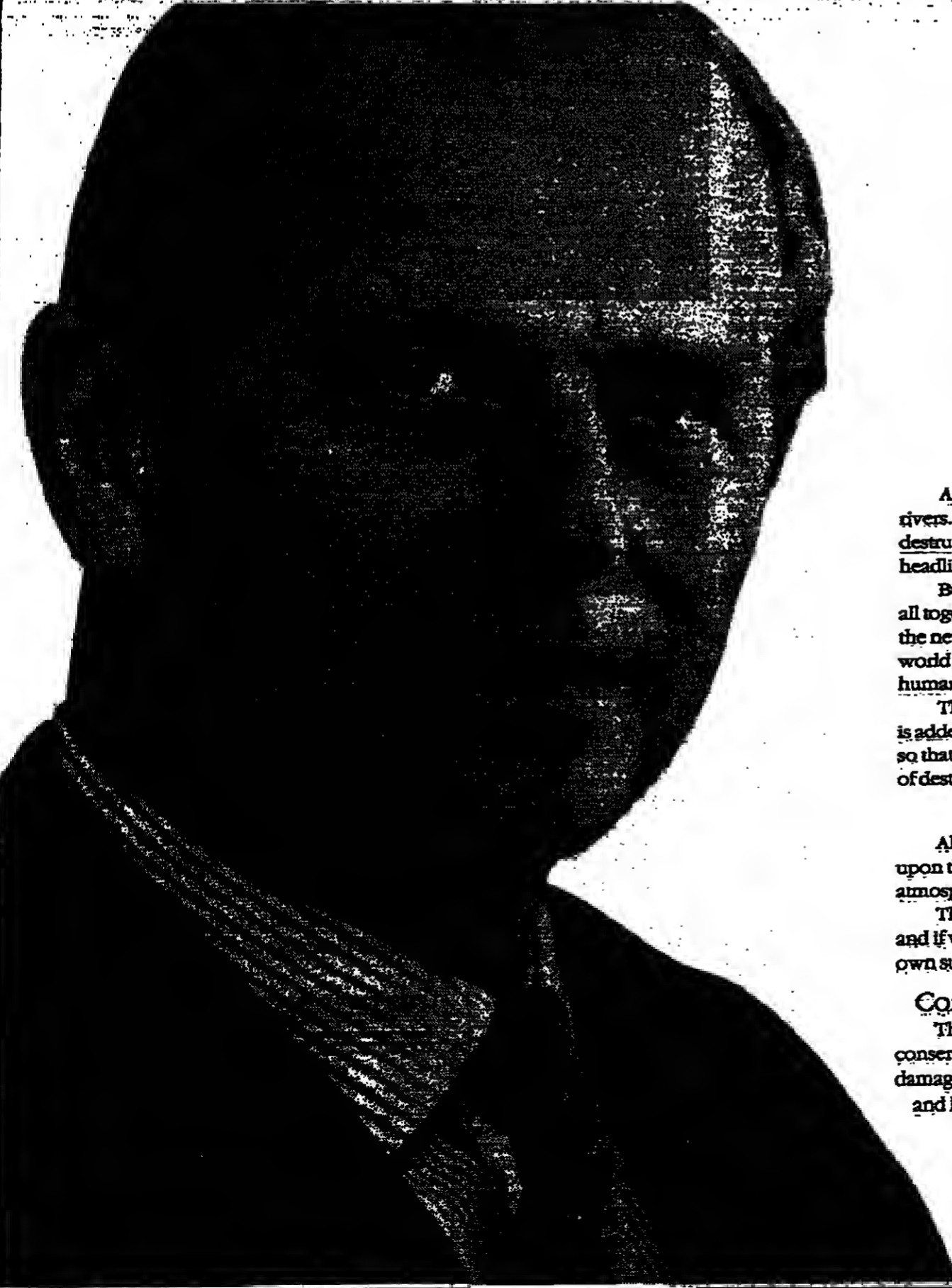
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David Marsh



Many fish water pickers in Tours, France, last month. Supplies to 200,000 homes were cut when the River Loire was polluted after a blaze at a chemical factory



"Look after this planet, it's the only one we have"

A personal message from HRH The Duke of Edinburgh, WWF International President.

Acid rain. The pollution of soils, lakes and rivers. The imminent extinction of species. The destruction of tropical forests. All these have been headline news for many years.

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WWF United Kingdom

ENVIRONMENT 10

Peter Marsh looks at how companies are helping to control pollution

Waste disposal can be big business

EQUIPMENT FOR controlling pollution adds up to a growth industry throughout much of the developed world. But it is a business extremely difficult to define and one where relatively few companies have achieved the necessary economies of scale to turn themselves into major commercial players.

A typical example of a small company trying to lever its way into the environmental-control business is Oceanfix, based near Aberdeen. It is working with Ersac, which is in Livingston, near Edinburgh, on the sensor techniques needed to monitor waste dumps to spot whether they are producing potentially harmful methane gas.

It is believed that Britain alone contains perhaps 10,000 dumps filled with standard

refuse from residences and factories where the waste may slowly be decomposing to produce methane, a gas which under some circumstances can explode.

A big problem is in first determining the sites of these dumps - many of which have been built up over the past two centuries and which may not be hidden under building developments - and then finding out which ones are potentially dangerous.

Oceanfix is working with Ersac on methods using infra-

red monitoring sensors to spot heat emerging from such dumps that may indicate emission of methane. If the work, which uses ground-based sensing equipment, is successful, then Dr Colin Stove, Ersac's technical director, believes it may be possible to mount versions of the sensors on space satellites to scan large areas quickly and effectively.

Dr Tony Ellis, a scientist at Birmingham-based Clayton Boslock Hill & Rigby, a consultancy specialising in environmental matters, says the man-

agement and treatment of waste-disposal sites is likely to be a large area of opportunity for companies interested in applying technology to pollution problems.

Getting rid of hazardous or simply unpleasant rubbish from such sites can be achieved in a variety of ways. These encompass digging up the refuse and transporting it elsewhere (which is at best a temporary solution); enclosing the rubbish *in situ* with concrete or plastic; or neutralising it in other ways such as by

treating it with certain kinds of bacteria or heating it with high-energy, infra-red radiation.

Among the companies in the UK which are trying to sell biological methods of dealing with waste sites are Biotreatment of Cardiff and Slough-based Lend Restoration Systems. The biological products division of Imperial Chemical Industries is also exploring this approach.

Many of the companies selling anti-pollution hardware are linked to the chemicals industry, which is itself a big customer of environmental control systems.

Western Europe's chemical companies spend some \$4bn a year on environmental control measures, many of these linked with the need to reduce pollution from emissions into the air and rivers as well as with the requirement to deal adequately with solid waste.

Many chemical companies have been in the forefront of new methods of incineration. Areas investigated have included ideas to reduce the volume of solid waste that these concerns dispose of and also to minimise the noxious fumes emitted during the incineration process.

BASt, the big German chemicals company, has joined forces with Bilfinger and Berger, a German civil engineering business, to develop a new

method of disposing of solid wastes that should keep to the minimum the problems of dangerous chemicals leaking into soil through rainwater.

The system is based on filling up gradually a dump lined with a multi-layer arrangement of plastic sheeting, with water and liquid chemicals being drained away for collection by a series of pipes. Concentrations of hazardous substances hiding up in the dump are

between this year and 2005.

Britain's Central Electricity Generating Board has already announced a film programme to fit equipment - known as scrubbers - to power stations, so as to remove sulphur dioxide from flue gases. It is likely to have to spend more as a result of the new rules on emissions.

Companies most likely to benefit from the stricter sulphur dioxide regulations include

Greater emphasis on monitoring pollution should lead to more business for laboratories and manufacturers of analysis equipment

monitored, using electronic sensors.

The electricity generation industry is another big user of pollution control systems. This aspect of environmental protection has been in the headlines recently as a result of a European Community accord designed to reduce the amount of sulphur dioxide emitted by power stations, a measure aimed to cut acid rain pollution.

Under the plan, agreed in June, emissions of sulphur dioxide from power stations and other heavy industrial plant will be cut by 60 per cent from 1980 levels in three stages

makers of scrubber equipment which spray powdered lime stone into the emitted gases, in the process turning sulphur dioxide into calcium sulphate - such as Mitsubishi of Japan, General Electric of the US, West Germany's Lurgi, Flakt Nisse and Britain's Davy Corporation.

A related area is the fitting of special burners to industrial boilers and power stations which reduce the amount of nitrogen oxides formed in combustion processes required to heat up water and form steam. Nitrogen oxides which form in this way and make their way into the atmosphere

are another important source of air pollution. UK companies involved in work on such burners include International Combustion, a subsidiary of Northern Engineering Industries (NEI).

Other areas of business involved in pollution control are interacting increasingly with the car industry. As a result of new and stiffer laws over air pollution, car companies are attempting to reduce the levels of harmful gases such as nitrogen oxides emitted through exhausts, using such means as electronic ignition systems and catalytic converters.

It is estimated that the West European car industry will need to spend as much as £7bn over the next few years on equipment for fitting anti-pollution equipment, together with associated research.

The greater public emphasis on monitoring pollution should also lead to booming business over the next few years for contract laboratories and manufacturers of analysis equipment such as spectrometers and gas-chromatographs.

For all the growing interest in the pollution control industry, some commentators believe that more could be done to lend focus to the business and make it a more powerful force.

Mr Marek Meyer, editor of Environmental Data Services, a specialist journal, says that, especially in Britain, the industry has not organised itself sufficiently well to turn itself into a strong lobby for pushing for initiatives in environmental policy.



Smoke control legislation has done much to transform Britain's inner cities. Sheffield, soon after the Second World War (above), has in recent years enjoyed some of the cleanest air of Europe's big cities



“MANY INVESTORS are causing, albeit unwillingly, serious damage to our planet by investing in companies that are harming the environment.”

From a unit trust management, that is fighting talk. But in some respects, Merlin Ecology Fund is a strange bird. Set up in April, it invests worldwide in companies that are either directly engaged in pollution control or which demonstrate a positive commitment

Dividends from planet protection

to the long-term protection and wise use of the natural environment.

The managers, who also took over the long-established Merita International Growth Fund last July, argue that such companies will play an increasingly important part in industry, while they will prove to be rewarding investments.

The members of Merlin Ecology Fund's advisory committee are John Elkington, co-author

of *The Green Capitalist*, Robin Grove-White, former Director of the Council for the Protection of Rural England and Nigel Haigh, author of *ERC Environmental Policy in Britain*.

And if that were not green enough, not less than 10 per cent of the initial fees will - after recoupment of launch expenses - be devoted to funding a research unit to advise

the fund managers on social and environmental criteria.

However, "no investment will be made unless the managers are convinced that it has prospects for capital appreciation and/or a capacity to pay a secure dividend," the fund managers say.

Since the units were issued at 50p, the offer price has risen to 53.5p (July 13) while the fund has grown to approximately £1.65m.

Slurry used to produce animal feed

COMPROSTEIN has developed a technology to produce high nitrogen content compost and yeast-based animal feed from pig, poultry and/or human slurry, thereby eliminating the pollution associated with the disposal of such waste completely.

The company enters into 50:50 joint ventures throughout the world on the basis that it develops the technology, while the local partner puts up the financial and management resources.



Recently, the company began construction of a plant in Italy, in partnership with Mignini, a local pig feed producer, to produce animal feed and compost from pig slurry.

In the UK, Comprostein, which is based at Calne, Wilts, disposes of pig slurry, which is separated into liquids and solids. After chemical treatment the liquid is used as a feedstock for growing a type of yeast that is high in quality protein. It is then harvested, blended with glucose and starch to produce a pig Creep feed which is sold to pig farmers at a competitive price.

The solids are used as a feedstock by a strain of earthworm, which converts them to compost. When the solids are harvested, the worms are separated out and graded. The compost can then be sold as an organic fertiliser.

Comprostein says no harmful bacillus or virus in the slurry can survive its process and consequently no disease can be carried over either in the compost or in the animal feeds. And its animal feed products have been tested for safety, while five consecutive generations of rats have tested its sludge cans with a blind symbol stating: "No CFCs caring for the environment."

Rightfooted at last

SOME TIME after phasing out CFC propellants from its aerosol range, Danco has labelled its shoe care cans with a blind symbol stating: "No CFCs caring for the environment."

SAFETY training is given high priority at all 16 branches of Edis and Everard Chemicals, which claims to be Britain's largest chemicals distributor.

In a recent exercise (above), a simulated road transport accident involving chemical cargo was mounted at the local depot to provide specialist training facilities for the Nottinghamshire Fire Brigade.

Keeping up pressure

Continued from Page 1

Issues. Not surprisingly, it discovered that immediate worries over unemployment, inflation and law and order took precedence. But levels of concern rose dramatically when people were asked questions linking environmental problems to their daily lives.

Some 49 per cent believed there was a risk of using up the world's resources and 58 per cent said they would support an increase of a penny in the pound on income tax to pay for effective measures to reduce the waste of resources.

Nevertheless, the report on the UK response to the declaration on World Conservation Strategy could still say: "The gravity of this crisis is heightened by the fact that so many people remain unaware of it."

It pointed out that in addition to the global ecosystem humanity had now created a separate autonomous and artificial system - the technosphere. Over recent decades the demands of the technosphere on resources have risen to a level which could not be long sustained without exhausting vital supplies and inflicting irreversible damage on the planet.

The report highlights the conflict between people's expectation of continual economic growth and the need to preserve a liveable environment. It was significant that economic growth was still

given high priority in responses to the Mori survey.

On the economic front the conservationists are in a catch 22 situation. In times of recession the demands of the environment take a back seat as an unaffordable luxury. In times of boom the pressures of business and industrial expansion tend to put an unacceptable strain on the environment.

The conservationists complain of "resource blind" economists and accountants and point out that there are massive costs in pushing nature beyond sustainable natural yields and then relying on man-made technology to redress the balance.

An accountant, for example, would probably value a forest as marketable timber. But how do you value its worth in stabilising the soil that would otherwise become a dust bowl, or its role as a natural habitat for animal life or in maintaining the balance of the global atmosphere?

So despite official optimism at government level, the conservationists are not reassured. As Mr Peter Taylor, an environmental consultant to Greenpeace, put it in a recent report: "What should have been a decade of continuing environmental improvement has been a decade of near catastrophe in terms of terrestrial and atmospheric pollution, and may well yet turn out to be just that."

"TO SUSTAIN INDUSTRIAL DEVELOPMENT... WE HAVE TO RADICALLY CHANGE ITS QUALITY."

(The Brundtland Report, World Commission on Environment and Development, April 1987).

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FOR FURTHER INFORMATION CONTACT:
KAREN TIDSALL, SALES MANAGER on 01-727 1929

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COMPANIES & MARKETS

Tuesday July 19 1988

FOR BUSINESS CARS & VANS TEL: (091) 510 0494 COWIE CONTRACT HIRE LTD.

CANNING GROUP The Canning Group operates in 60 countries selling surface finishing and water treatment chemicals...

INSIDE Siemens signals car electronics expansion

Karlheinz Kaake, chairman of Siemens, has led the West German group's expansion into the fast-growing car electronics market...

Young Turks in hot pursuit

The youthful management of Konbitbank formed through the merger of two Turkish state banks earlier this year, has taken an aggressive stance on bad debt...

Bankers at loggerheads over North Korea's debt

A repugnant and dangerous precedent or a realistic compromise? A plan to restructure much of North Korea's \$900m of outstanding loans has divided the Western banking community...

SA gold shares lose their lustre

A threat of further US disinvestment from South African gold shares is making them less attractive to other international investors...

Hawke moves to halt Australian coal export

Australia's coal export industry is being severely disrupted by a series of miners' strikes over working hours. Coal prices are low and companies have had to declare force majeure on deliveries...

Ploughshares and golf clubs

It is now time to beat ploughshares into golf clubs, according to Sir Geoffrey Howe, UK Foreign Secretary, as a way to cure the ills of subsidised farming...

Market Statistics Table with columns for Euro lending rates, European options, FT-A indices, etc.

Companies in this section Table listing various companies like AGS Research, APT, Alocos, etc.

Chief price changes yesterday Table with columns for Shares (Pence) and Shares (Pence) listing price changes for various stocks.

LONDON (Pence) Table listing company names and their share prices in pence.

Schindler buys elevator side of Westinghouse

By Nick Garnett in London and William Duffin in Geneva

SCHINDLER, the world's second largest elevator maker has agreed to purchase the lift manufacturing interests of Westinghouse Electric of the US...



Selling the stuff that dreams are made of

James Buchan in New York looks at the enigmatic Kirk Kerkorian in the wake of his latest MGM deal

There is a seamless quality to the Kerkorian story, wrote Fortune magazine in November, 1968. "As a youngster, he bought and sold used cars; after the war, he bought and sold airplanes; in middle age he buys and sells companies..."

He stranded himself in Madrid by selling his jet to Adnan Khashoggi on the tarmac

The young Kirk was a fighter and trust and he ended up in reform school. During the Depression, he started his first business, buying beaten-up old cars, repairing them and selling them to neighbours...

RHM sacks Midland in retaliation for backing Goodman

By Nikki Tait

RANKS Hovis McDougall, the British foods group which is expected to be the subject of a £1.5bn hostile bid this week from Sydney-based Goodman Fielder Wattle, is severing all banking links with Midland Bank...

Wereldhave bids for Peachey

By Nikki Tait

A £265m bid battle broke out yesterday between Peachey Property Corporation, the UK property company and owner of Canary Street, London, and Wereldhave, the second largest Dutch property group...

Porsche to close domestic dealers

By Our Financial Staff

PORSCHE, the West German sports car group, plans to shed more than half of its 207 domestic dealers in the next five years and break with the Volkswagen/Andi dealership network...

AT ST JAMES COURT HOTEL, IT WILL TAKE THE WEIGHT OFF YOUR FEET WITHOUT WEIGHING HEAVILY ON YOUR BILL. Advertisement for St James Court Hotel, London.

INTERNATIONAL COMPANIES AND FINANCE

Siemens speeds up motor side

Andrew Fisher on the West German group's focus on automobiles

Ever since Siemens elbowed its way into the fast-growing market for automobile electronics at the start of the 1980s, it has been seeking to increase its worldwide exposure and accelerate its sales.

West Germany and Nippon Denso, a Japanese company in which Bosch has a minority stake. Compared with Siemens' total sales, which will approach DM650m in 1988, the automotive electronics side is still small.



Karlheinz Kaske: expects expansion to continue

markets. Because of the fast pace and high cost of development and the variety of applications, co-operation agreements are common in automobile electronics.

SCA buys Italcarta as part of expansion plan

By Sara Webb in Stockholm SCA, the big Swedish forest products group, has agreed to buy Italcarta, Italy's largest corrugated board and recycled paper products manufacturer.

Row flares over French core shareholder pacts

By Paul Betts in Paris THE POLITICAL row over the control of recently privatised French industrial and financial groups gathered steam yesterday with the disclosure of a secret pact between the large shareholders of Compagnie Générale d'Électricité (CGE), the French telecommunications, engineering and media conglomerate.

NOTICE OF OPTIONAL REDEMPTION Korea Electric Power Corporation U.S.\$50,000,000 Floating Rate Notes due 1993

Santander profits ahead

By Peter Bruce in Madrid BANCO SANTANDER, one of Spain's biggest private banking groups, said yesterday it had increased its consolidated group pre-tax profits 37.1 per cent to Pt28,016bn (\$228.6m) in the first half of this year.

Palmerston Holdings P.L.C. Introduction by CL-ALEXANDERS LAING & CRUICKSHANK and QUILTER & CO

Ifil moves into hotel business By Alan Friedman in Milan

This announcement appears as a matter of record only.

Trizec Corporation Ltd.

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SBCI Swiss Bank Corporation Investment banking logo and name

New Issues May 1988. This announcement appears as a matter of record only.

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Table of Deutsche Bank Capital Markets Limited agents: Algemene Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., ANZ Merchant Bank Limited, etc.

Creditanstalt-Bankverein U.S. \$125,000,000 Subordinated Floating Rate Notes 1994

CREDIT D'EQUIPEMENT DES PETITES ET MOYENNES ENTREPRISES up to U.S. \$200,000,000

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Fears of tighter monetary policies dampen activity

By Dominique Jackson

FEARS of further tightening of monetary policy in both West Germany and the US, compounded by a rise in UK base lending rates, made for a day of thin and nervous activity in the Eurobond market...

lic paper rose to 6.50 per cent, its highest level so far this year. However, later in the day, as a wave of concerted central bank intervention brought the US dollar off its highs, selected Euro-mark bonds and some domestic issues recouped some earlier losses...

England signalled a 1/4 point rise in base rates to 10 1/2 per cent, the sixth such tightening move since early June, initial reaction was muted. Most dealers had expected a full one point rise to 11 per cent which they pointed out is already discounted by money market rates...

INTERNATIONAL BONDS

Losses although most still ended around a point down. Last week's DM400m 6 per cent seven-year issue for Nippon Telegraph & Telephone, which was bid at 98 1/2 late last week, dropped to a bid of 97 1/2 but later edged up to close at 98 1/2.

INTERNATIONAL BONDS

On the other hand, it may produce the first income for the more than 150 banks in two syndicates of lenders since 1984, when the Koreans last made an interest payment, at the launch of a previous restructuring agreement. The interest payment before that was made in 1970.

Banks at odds over North Korean deal

Seldom has a restructuring created such acrimony, writes Stephen Fidler

This is a story of a controversial debt restructuring with a country which for long has existed on the very edge of political and financial acceptability: North Korea. It is an issue over which feelings run high, and which has set bank against bank. The proposed deal, which envisages the eventual waiving of 70 per cent of the \$800m of debt owed by the state's foreign trade bank to outside bank creditors, has been described as repugnant and a dangerous precedent which has rewarded a troublesome debtor for long-standing delinquency.

Morgan Polton, an older bespectacled figure, presenting a softer image for ANZ. By all accounts, negotiating with the North Koreans is not the simplest of tasks. Coming from a heavily centralised one party state with little contact with the outside world, the North Koreans often show only a limited understanding of

which signed the loan agreements, appears to have suffered in an internal power struggle in North Korea and has become virtually moribund. It has next to no assets outside the country. According to the law firm, Allen and Overy, quoted in a Morgan Grenfell telex sent last month to lending banks: "The

deal he worked on something less than a decade ago, succeeded. It was in the subsequent talks early this year between Halcrow's team and the North Koreans that the extraordinary proposal emerged which has set bank against bank.

There has been muttering about the substantial fees Morgan Grenfell, and presumably McAskill, would recoup if the deal went through and questions about whether the fact that ANZ would not share much of this was partly behind its ostensible principled opposition to the proposal. If the deal had gone through in full, the banks' fees would have totalled \$3.2m, and ANZ says it cut would have been a mere \$150,000. Having said that, neither Morgan Grenfell nor McAskill did not formally present this proposal to the banks in its syndicate, bank officials saying privately that the ANZ action threatened to "crater the deal".

The restructuring plan has set bank against bank. It has been variously described as repugnant and a dangerous precedent which has rewarded a troublesome debtor for long standing delinquency. The majority lenders are

not in favour of the proposals, which seemingly threaten to split the two syndicates. Yet for the banks involved, and there are more than 150 of them, the deal could well produce the first income since 1984.

International business and banking conventions. A tendency for their negotiators to talk on yet another agreement as a weakness, and a prelude to backing out of agreements at the last minute have not endeared them to their opposite numbers.

prospects of a claim under English law (against the Republic) presently appear slim. However, it was felt there was a chance that claims against another North Korean bank, the Korea Daesong Bank - the "Gold Star Bank" - could be successful.

deal he worked on something less than a decade ago, succeeded. It was in the subsequent talks early this year between Halcrow's team and the North Koreans that the extraordinary proposal emerged which has set bank against bank.

There is a clear majority against the settlement now among the banks. French banks have thrown their weight against the settlement, en masse, but their objection is not based on principle. Many have significant newer project related loans out to North Korea and a waiving of their older debt would probably mean they would have to write down the new on the balance sheets.



which has not been used against a Latin American country for example, despite the payment difficulties they have encountered since 1982. The default was declared in August, clearing the way for action in both Swiss and English courts - because these are the jurisdictions covering the two loan agreements - to seize North Korean assets. This possibility was the Koreans apparently took seriously. Shipments of North Korean gold into London - the country used to export about two tonnes a month through the London bullion market - ceased and still have not resumed.

However, banks were advised of substantial fees in return for an early settlement of the debt. The foreign trade bank, or Mooyok Bank,

on which a fixed interest rate of 8 per cent is payable with a final payment due on December 15, 1991. If the Daesong keeps current on its repayment schedule for the full period, and only then, will the full \$900m be deemed as settled. If the North Koreans do not keep to their settlement schedule, then the full amount of the loan will be due. This presents, say its supporters, a strong incentive for the North Koreans not to stop payments once they have started. A \$5m payment has been made on account and a \$10m payment was expected late last week (July 15).

Whatever the outcome, it seems unlikely that the North Koreans will make much headway for some years yet if their ambition is to put their financial matters with the West on a more normal footing.

Malaysia raises broker limit

By Wong Sulong in Kuala Lumpur

FOREIGN stockbrokers are to be allowed to increase their equity stakes in Malaysian stockbroking firms to 49 per cent from the current level of 30 per cent, Dr Mahathir Mohamad, the Prime Minister of Malaysia, said yesterday.

balisation. We cannot afford to lag behind," Dr Mahathir told a conference of Asian stock exchanges in Kuala Lumpur. He added that it was the Malaysian Government's intention to make its capital market "comparable to those of advanced nations."

emerged stronger and more resilient after the crisis surrounding the collapse of Pan-Electric Industries in late 1985 and the world market crash last year.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns for Country, Issue, Maturity, Yield, and Price. Includes sections for US Dollar, Yen, Swiss Franc, and other currencies.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday 18 July 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Large table with columns for Country, Currency, and Exchange Rate. Lists various countries and their respective exchange rates against major currencies.

Abbreviations: (A) Free rate; (B) Base rate; (C) Commercial rate; (D) Controlled rate; (E) Essential imports; (F) Financial rate; (G) Exports; (H) Non commercial rate; (I) Business rate; (J) Buying rate; (K) Lumpy goods; (L) Market rate; (M) Official rate; (N) Preferential rate; (O) Convertible rate; (P) Parallel rate; (Q) Selling rate; (R) Tourist rate. Some data supplied by Bank of America.

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The Receiver has for sale as a going concern the business and assets of Sankey (Scotland) Limited. The company operates from leased premises in Edinburgh (Head Office), Glasgow, Aberdeen, Ayr and Perth. The company has a broad range of heating, plumbing, bathroom and kitchen equipment for direct supply to an established customer base. There are currently 53 employees and the annual turnover is in the range of £5m.

For further information end details contact:-
Murdoch L. McKillop or Iain T. Watters
Arthur Andersen & Co.
18 Charlotte Square,
Edinburgh
EH2 4DF
Tel No. 031-225 4554
Fax No. 031-226 3948
Telex: 727994



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Offers are invited for the assets and business of a company located in the Fareham, Hampshire area.

Fully equipped workshop with modern milling machines and lathes, all Computer Numerically Controlled. Recognised by leading aerospace companies, with its own A.Q.A.P 1 and 13 approvals. 25 employees, turnover £850,000.

For further information, contact the joint receiver, Peter A. Hall, Grant Thornton, Chartered Accountants, on Southampton (0703) 221 231. Or write to 31 Carlton Crescent, Southampton SO1 2EW.



Sawmill

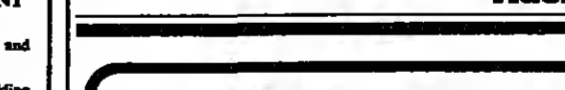
Bury St. Edmunds, Suffolk

The Administrator invites offers for the business, business assets and goodwill of Colford Sawmills Limited.

The company operates from 9.37 acres of rented premises near Bury St. Edmunds, Suffolk.

The company employs approximately 15 people, producing an annual turnover potentially in excess of £2 million.

For further details contact David Farren at Colford, Bury St. Edmunds, Suffolk IP28 6UE, on 0284 848898 or the Administrator, Tim Harris, at Deloitte Haskins & Sells, P.O. Box 207, 128 Queen Victoria Street, London EC4Q 4JX on 01-236 6500, Telex 894941, Fax 01-248 3623.



Measureskill Limited (In Receivership)

A retail pharmacist, operating from three outlets contained within a national retail chain, is offered for sale as a going concern.

The outlets are located in Staines, Middx; Bracknell, Berks; and Redhill, Surrey. Current turnover approximately £45,000 per month.

The assets comprise:

- Goodwill
- Stocks
- Fixtures & Fittings etc.

For further information contact:
J. M. Iredale
Administrative Receiver
Cork Gully
Phoenix House
Station Hill
Reading RG1 1UN
Tel: (0734) 600335
Telex: 845588
Fax: (0734) 597516

Cork Gully

Office Machines Business - Teeside

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By Order of the Joint Administrators B.S. Creber Esq., F.R.A. & A.J. Skidde Esq., F.R.A. of Geoffrey Martin & Co. Re. Ramona Foods Limited

SUPERMARKET GROUP

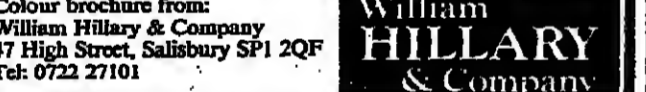
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UK COMPANY NEWS

Smith & Wesson makes maiden contribution of \$16.1m Growth continues as acquisitions and organic expansion lift Tomkins to £47m

By Ray Bashford

TOMKINS, UK industrial holding company, boosted pre-tax profits 56 per cent from £30.1m to £47.1m during the year to April 30 as organic growth continued and Smith & Wesson, US handgun maker, made its first annual contribution.

Mr Greg Hutchings, the chief executive who has drawn on his experience at Hanson to lead a five-year campaign to convert Tomkins from a sleepy nuts and bolts group into an acquisitive mini-conglomerate, said the total dividend was being increased by 50 per cent to reflect an expected further improvement during the current 12 months.

The outcome was achieved on turnover 51 per cent higher at £312.5m, while earnings per share advanced 44 per cent from 15.22p to 22.01p. The recommended final dividend is increased from 2p to 3.15p, lifting the total from 3p to 4.6p.

The directors expect current year turnover to exceed £300m as results from Murray Ohio Manufacturing enter the accounts, and existing operations expand. Murray, Tennessee-based manufacturer of lawnmowers and bicycles, last month accepted a \$234m (£135m) takeover bid from Tomkins.

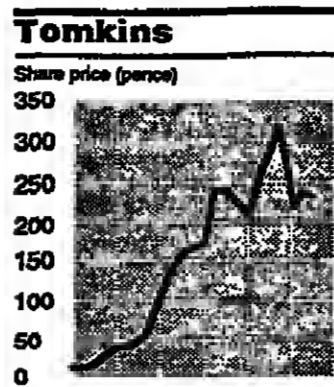
The funding of the takeover will erase Tomkins's £70m cash reserve and give it a gearing of 12 per cent. Directors said they expect to return quickly to a positive position.

Smith & Wesson, acquired in May last year for \$112.5m, was included in the accounts for ten and a half months and made an annualised contribution of \$16.1m.

The Smith & Wesson management has been changed substantially while Tomkins has invested "considerable" sums in boosting production and quality to lift its share of



Greg Hutchings, company's chief executive.



Tomkins share price (pence) 1983-1988

the US handgun market. Tomkins, for the first time, disclosed annual figures on organic profit growth. Taking into account contributions from Smith & Wesson and Beaver Equipment, a manufacturer of cylinder grass cutting machinery

acquired in October last year, pre-tax profits rose 24 per cent. The decision to release organic profit figures was due in part to sensitivity about criticism of the company's ability to generate growth without acquisition. Mr Hutchings said

that he considered that the stockmarket was still undervaluing the company's worth. The shares closed yesterday 3p down at 238p.

With the inclusion of Smith & Wesson, the professional and consumer products division boosted its trading profit from £3.3m to £11.9m on turnover up from £22.5m to £91.6m.

This division is set to expand further during the current year with the inclusion of Murray Ohio Manufacturing.

The building products sector, created largely through the highly contested takeover of Pegler-Hattersley in 1986, lifted trading profits from £3.3m to £12.5m after a 23 per cent increase in turnover to £72.6m.

The other major sector, the services to industry division, returned a 29 per cent rise in trading profits to £8.5m on a 20 per cent improvement in turnover to £111.5m.

See Lex

DTI clears Shield of insider dealing

By David Waller

No insider dealing prosecutions will arise out of the Department of Trade and Industry's investigation into the Shield Group, the small residential property developer said yesterday.

Shield's statement ended months of uncertainty for investors in the Hampstead-based company which owns Stickle and Kent, North London estate agents.

The company said it was ready to turn its back on the episode, but took the opportunity to complain that the investigation "had a disproportionate effect on the group's relationship with shareholders, share price and dealings with the press and public."

In February this year the DTI took the unusual step of disclosing that inspectors had been appointed last November to investigate possible contraventions of the Company Securities (Insider Dealing) Act 1985.

The DTI said that the investigation was limited to dealings in the shares of Shield between December 1 1986, and March 20 1987. On the latter date Mr Gerald Bonson's Heron Corporation had agreed to inject £10m into the group via the establishment of a joint residential property venture called Heron Shield.

Shield's shares had been trading at 160p in early March, rising to 240p before the announcement of the Heron involvement, which prompted a further 25p rise to 265p. Later in the month they surged to a peak of 380p before falling back sharply in the Crash. News of the investigation pushed them down 10p to 95p; yesterday, they edged up 2p to 97p.

The DTI never disclosed the precise parameters of its investigation. Shield yesterday repeated its earlier assertion that none of its directors had been involved in insider dealing.

"It is hoped that shareholders will benefit from the restoration of the Group's credibility," the statement continued. "Whilst the inquiry related to share dealings in the company's shares and not to any dealings or transactions by the company itself, there was an immense weight carried over wrongly to the Board."

Yesterday's statement from Shield was sanctioned by the DTI, which said yesterday that it is investigating 15 other insider dealing cases, only three of which have been made public.

Atlantic Computer halted on bid talks

By Philip Coggan

ATLANTIC COMPUTER, the last independent quoted computer leasing company in the UK, said yesterday that it was in the advanced stage of discussions which might lead to an agreed bid for its equity.

Its shares were suspended yesterday at 84p, valuing the group at £317m. An announcement is expected today on the terms of the offer, which some analysts expect could value the group at as much as £5 per share.

GEC owns 40 per cent of Atlantic's finance and property subsidiary, Summit and some analysts were speculating yesterday that GEC could be the bidder. However, GEC had no comment on the rumours.

Just two years ago, there were five quoted companies in the UK computer leasing sector - Atlantic, Comsep, Dataserv, IBI, and United Leasing. But a series of poor results sapped confidence in the sector and focused attention on the industry's accounting practices. The City became concerned that companies were being over-optimistic about how much residual value their computers would have when the leases expired.

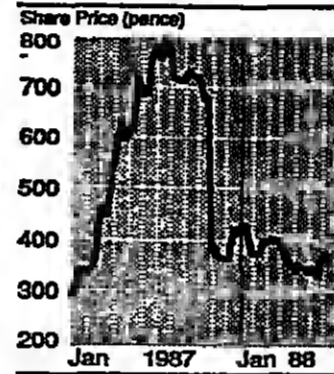
As confidence in the sector declined, it became more and more difficult for leasing companies to raise finance. Rationalisation of the sector became inevitable. In a wave of takeovers, Dataserv was acquired by Bell South, US telecommu-

nications group; IBI and United Leasing by the Swiss group Inspectrate; and Comsep was bought by Atlantic itself last year.

Atlantic has managed an unblemished record of profits growth since it joined the stockmarket in 1983. However, its last annual results, showing a 37 per cent jump in pre-tax profits to £28.2m, disappointed the market and analysts marked down their forecasts for this year's profits from £50m to £45m. The shares have also been depressed since the death of Mr John Foulston, the group's founder, in a motor racing accident last September.

USF & G Corporation, US insurance group is acquiring

Atlantic Computers



Mega-leasing, unquoted UK computer leasing company

Dee sells Spanish grocer for £30m

By Nikki Tait

DEE CORPORATION, grocery group which includes the Catalonia and Madrid regions, said yesterday that it was selling DIGSA, its Spanish subsidiary, to Ashley Industrial Trust for a net £30m in cash.

Mr Tony Butler, previously director for planning and business development at Dee and also chairman of DIGSA, has resigned from the Dee board to become chief executive of Ashley, at present a near-shell company.

Also joining the board in a non-executive capacity is Mr James White, chairman of Bunzl.

DIGSA - Distribuciones Gimenez y Compania SA - has about 150 retail food stores, some 10 cash and carry branches and a delivery trade business to some 450 fran-

chised shops and independent retailers in the Aragon, Catalonia and Madrid regions.

It became part of the Dee group in the late-seventies, and in 1986/7 made trading profits of £3.3m on sales of £131m.

Dee, however, had already made clear that it was seeking to sell DIGSA. When it announced the disposal of the Linford cash and carry business to Booker earlier this month, it reaffirmed that negotiations were underway over the Spanish operations.

Yesterday, Mr Alec Monk, chairman and chief executive, said that Ashley's offer had been the best one in shape and speed and also the highest.

The £30m sale price was seen

by analysts as good for Dee. The market, however, was well aware of the transaction and yesterday Dee shares were steady at 184p.

Mr Butler declined to spell out the future strategy for Ashley except to say that further board appointments and acquisitions were planned.

He stressed that funding, comprising debt and equity, for the DIGSA deal was in place.

He added that he had wanted to leave Dee for about two years.

Ashley has been headed since April by Mr Robert Newman, who previously helped turn "The Times" Veneer, wood products company, also little more than a shell, into Era Group.

Ashley now has about £2m

in cash, a small but profitable plywood subsidiary, and a battery business. The last is likely to be sold to management.

Mr Newman has resigned from the board and Dunster Investments, which gave him and certain family trusts a 29.9 per cent equity interest in Ashley, has reduced its stake by about one-third, selling to the incoming directors.

It may reduce further under the financing package. Mr Butler now owns 20 per cent of the equity and Mr White, 5 per cent. "I shall be looking for a new vehicle," suggested Mr Newman yesterday.

Ashley shares were suspended at 91p earlier this month.

Optim makes debut on USM valued at £7.2m

By Clare Pearson

DEALINGS START today in shares of Optim Group, the computer systems supplier, which has joined the USM via a placing valuing it at £7.15m.

Optim's services are termed in the industry "turnkey", which means it takes full responsibility for installation of hardware, design and implementation of software, training and maintenance. Its 1,500 customers comprise hotels, retailers, and local authorities.

Continental Securities (UK) has placed 4m shares at 60p each, representing 34 per cent of the enlarged capital. No shares have been sold by existing shareholders.

Optim has forecast pre-tax profits of not less than £500,000 on turnover of about £10m for the year to October 31. In its last financial year it made £242,000 pre-tax on £7.98m turnover.

Sonic Tape joins Third Market and raises £0.6m

By Clare Pearson

SONIC TAPE, the sound measuring systems company which last year produced its first profit since 1982, has joined the Third Market. At the same time it has raised £568,697 by means of a rights issue to enable it to buy Systems Connections, an inkjet printer distributor.

In the first day of Third Market dealings yesterday, Sonic Tape's shares fell to a 1 1/4p discount to the 15p rights issue price. The fall was attributed to selling pressure from existing investors. The company had joined the market virtually defect-free over the counter market in 1983.

The 3.78m shares being issued by way of a one-for-four rights issue represent 20 per cent of the enlarged share capital. About 68 per cent of them will be used to acquire Systems Connections.

BET acquisition

BET, acquisitive international support services group, has paid £10m for Pritchard Security, UK staff-security guarding operation of ADT - formerly Hawley Group. The cost will be settled by the issue of 4.3m fully-paid shares.

Mr Nicholas Willis, chief executive, said the purchase put BET into the top ten security guarding operations in the UK and took them into the top five in security as a whole.

TT leaps to £1m

TT Group, formerly Tyzack Turner, increased pre-tax profits to £1.6m (£365,000) in the six months to July 2. Turnover rose to £7.8m from £7.04m.

A higher tax charge of £264,000 (£4,000) limited the advance in earnings per share to 47 per cent, from 5.5p to 8.7p. The interim dividend is doubled to 2p.

Queensway horse for Sir Phil if Gulliver's bid succeeds

By Maggie Urry

SIR PHIL HARRIS will have the right to buy a horse from Harris Queensway, the furniture and carpet retailer which he has bought, if the agreed \$450m offer for the group from Lowndes, a new company chaired by Mr James Gulliver, goes through.

The horse, called Queensway Countryman, is leased to Sir Phil's friend, Mr David Broome, the showjumper, and is expected to compete in the Olympic Games this autumn. It will continue to carry the Queensway name for the rest of its jumping life.

According to Lowndes' offer document, posted to shareholders yesterday, Sir Phil will pay the market value for the horse. He will also be able to buy his company car at its cost to the company; to employ Mr Gordon Caldwell, Harris Queensway's showjumper, and up to three secretaries from Harris Queensway; and to negotiate terms to occupy space at the head office.

Two of his boardroom colleagues, Mr Tony Shanagher, finance director, and Mr Kingsley Elton, assistant managing director, will receive payments of £150,000 and £25,000 respectively. Each will be able to buy his company car for £1.

If the 190p-a-share offer goes through, Mr Gulliver's company, James Gulliver Associates, will receive a fee of £250,000 each year, plus an additional fee from Lowndes, in return for Mr Gulliver's services for at least half his time for the first two years and 50 per cent of his time thereafter.

Mr Eddie Dayan, who will become group managing director of Lowndes if the bid succeeds, will be paid £250,000 a year, plus a bonus, and will have a three-year contract.

In the offer document Mr Gulliver says he is confident that Harris Queensway "can be transformed again into an exciting and dynamic retailer."

Sir Phil is leaving to head Questway, a new company, which will buy Harris Queensway's 75 per cent stake in Harvey's, a soft furnishings retailer, conditional on the bid going through. The price is £18m. Harvey's net assets are worth £3.9m and it made a trading profit of £499,000 in the 36 weeks to January 25.

Separately, Harris Queensway announced the resignation of Kate Beattie, personnel director. He will receive a compensation payment of an undisclosed amount.

Parkfield purchase

Parkfield Group, the fast-growing mini-conglomerate, has augmented its already significant interest in the wheel industry by paying £3.9m in cash for G&I International's wheel manufacturing subsidiary, Steel Stampings.

Steel Stampings has about 10 per cent of the European truck and trailer wheel market, and about 20 per cent of the world off-highway vehicle wheel market. Last year, it produced pre-tax profits of £290,000 on turnover of £19.4m. At March 31, it had net assets of £2.1m.

Carless expands

Carless, Capel & Leonard, cash-rich independent oil company, has expanded its downstream activities by buying Pentagon Chemicals, private chemical producer, for £18m.

The acquisition - the group's largest this year - will comprise £8.6m cash and the issue of 1.1m fully paid shares. Carless has been awash with cash since the disposal in April of its minority stake in Calor's oil and gas subsidiary, Century Power & Light, yielded £58m.

Tony Ryan takes a 5% holding in Bank of Ireland

By Kieran Cooke, Dublin Correspondent

MR TONY RYAN, Tipperary farmer and chief executive of GPA Group, the world's largest aircraft leasing company based at Shannon in the Irish Republic, has been revealed as the mystery buyer of a large block of shares in Bank of Ireland, one of the Republic's two principal clearing banks.

Mr Ryan announced yesterday that he had bought 5 per cent of the issued capital stock of Bank of Ireland, an investment of £50m (£30.6m) based on current market prices.

Mr Ryan emphasised that the investment was made in a personal capacity and not on behalf of GPA. He said the share purchase was based on his conviction of the growing soundness of the Irish economy.

He has for some time been considering a strategic investment based on Ireland's developing financial services industry. The acquisition of a significant shareholding in Bank of Ireland represents a sound investment of undoubted quality and growth potential," said Mr Ryan.

Bank of Ireland's after tax profits for the year ended March 31 were £68.7m, up 23 per cent on the previous year. Earlier this year Bank of



Tony Ryan: the investment made in a personal capacity.

Ireland announced its intention to purchase First New Hampshire Bank in the US for \$370m (£228m). The deal is by far the largest purchase ever attempted by an Irish bank.

Bank of Ireland is currently valued at £720m. In a statement yesterday the Bank said Mr Ryan's purchase reflected confidence in Bank of Ireland's strength and the soundness of its development strategy.

Mr Ryan was the co-founder of GPA in 1975. The group now has a portfolio of 115 aircraft valued at more than \$2bn.

Midland swap deal nearing completion

By Richard Waters

MIDLAND BANK and Hongkong and Shanghai Banking Corporation are close to completing the exchange of parts of their overseas operations announced last November.

As part of the deal, Midland has bought HongkongBank's Concord Leasing (UK) for £14.25m and will merge the company with its own finance house subsidiary, Forward Trust.

The moves follow HongkongBank's purchase last year of a 14.9 per cent stake in Midland, widely seen as the prelude to a possible full merger.

A change of plan, though, will leave HongkongBank with its UK branches, which originally were to be absorbed into Midland. In eight European cities are to be closed and their business transferred to new or existing Midland branches, or sold.

The process will leave both banks paying about the same, said Midland. It will also result in a number of redundancies to prevent duplication or, in the case of new branches being set up by Midland, because the same level of business will be handled by fewer staff.

London-based export credit and project finance operations merged under the new name Midland Global Trade Services.

HongkongBank has taken over Midland's Seoul and Singapore branches and its merchant banking operations in Singapore and Hong Kong.

Midland's West German investment bank, Trinaus & Burkhardt, has opened a branch in Hamburg to absorb HongkongBank's business in the City.

Of mergers still to take place, HongkongBank's branches in eight European cities are to be closed and their business transferred to new or existing Midland branches, or sold.

Leisuretime falls halfway

By Clare Pearson

LEISURETIME International yesterday reported pre-tax losses of £1.56m in the six months to April 30, compared with losses of £887,000 last time.

Turnover was down at £2.51m (£2.59m). Against a £350,000 charge last time, there was no provision for taxation. The loss per 10p share was 9.7p (loss 10.5p) and there is no interim dividend.

This year's first half saw the Jivraj family buy control from the Aitken family and then set about reorganising the company as a hotels and nursing homes concern.

Shareholders had attempted to block the sale to BET of Worldwide Dryers, the loss-making warm-air hand-dryer business which was Leisuretime's dominant activity, and were defeated.

The Jivrajs took a 29.6 per cent stake in Leisuretime and injected their Country Care nursing homes two months later.

The sale of Worldwide Dryers gave rise to an extraordinary credit of £4.45m in the interim results. But its operations up to its sale at the start of January contributed a loss of £209,000 to the pre-tax figure.

Gandalf clarification

By Philip Coggan

GANDALF TECHNOLOGIES, the Canadian computer systems group, yesterday clarified certain statements at the request of the Takeover Panel.

The statements had been made in a recent bid circular to shareholders of CASE, the UK data communications company for which Gandalf is bidding \$68m.

Three of the clarifications involved printing entire paragraphs - rather than selected

extracts - from circulars sent by CASE and by James Capel. Gandalf also clarified the basis for graphs printed in a section entitled "CASE has got its facts wrong".

Figures used for Gandalf's turnover and profit were calculated by annualising the results for the first nine months of the year.

There were also two corrections to statements that Gandalf made in the circular. Having said:

"CASE's existing products, such as the 860 Beeline and the new X.25 do not comply with these fundamental standards", Gandalf said the sentence should have read "CASE's existing products, the 860, Beeline and the new X.25 are not compatible with the concepts of ISDN".

The other correction involves CASE's systems division. Gandalf said that CASE expected the division to represent only 10 per cent of turnover in 3 years.

However, CASE had made that statement about its local area network division, not its systems division.

The statement had little effect on CASE's share price, which fell just 2p to 87p yesterday.

Gandalf has until the end of this week to launch its widely expected increased offer.

Southern Water unveils statutory company stakes

By Andrew Hill

A SECOND water authority has bought shares in statutory water companies working within its region.

Yesterday's announcement by Southern Water raises the possibility of public authorities building stakes in the 29 companies to counter the influence of private-sector investors, such as the French water suppliers.

Using nominee shareholders, Southern has, over a period of months, built up a 10.82 per cent stake in West Kent Water Company, and stakes of just under 10 per cent in Eastbourne Waterworks Company and Mid-Sussex Water Company. At the end of March, the market value of the investments was £487,000.

Statutory water companies supply water under agency agreements with the 10 much larger authorities, which could be privatised as early as autumn 1989.

Southern would neither confirm nor deny that it used its shares last October to block a merger between West Kent and East Surrey Water Company, which is outside Southern's area of supply.

The merger proposal was put to West Kent's shareholders at an extraordinary meeting, but failed to get the required 75 per cent of votes in favour because at the last minute votes attached to a 15 per cent stake held by Cantrada nominees were cast against the proposal. Southern said it did hold

shares in West Kent at the time, and had opposed the merger through statutory channels which allow such proposals to be referred to a public inquiry.

The scale of the stake-building surprised the companies, who believed such use of public money had to be authorised by Mr Nicholas Ridley, the Environment Secretary. He said only the courts can decide whether water authorities can invest in statutory companies.

Southern said it did not want to see the companies disappear. It had acted following the 1986 Monopolies and Mergers Commission report on the region, which said added efficiencies could be gained if Southern had full responsibility

for the area's water supply. Mr David Gadbury, head of planning, said Southern wanted a closer working relationship with the companies, but was afraid any joint plans might be jeopardised by dramatic changes in ownership of the companies' shares.

"We felt we needed to have some way of influencing future events," he added.

Meanwhile, in the light of reports that it plans to take over the three statutory companies in its region, Northumbrian Water Authority has said it would only seek a merger with their agreement.

Last month Northumbrian acquired what it described as "nominal" shareholdings in

two companies - Newcastle and Gateshead and Sunderland and South Shields - both of which are challenging the authority's power to buy the shares by not registering the holdings. Northumbrian has also considered buying shares in Hartlepool Water Company.

Major French water suppliers - heavily involved in stake-building and bidding for statutory water companies - have no declared interests in Mid-Sussex, West Kent or Eastbourne, but the Associated Insurance Pension Fund, headed by Mr Duncan Saville, an Australian businessman, holds 17.2 per cent of Mid-Sussex and 20 per cent of West Kent.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
London Sec	0.5	Oct 3	-	0.5	-
Tomkins	3.15p	-	2	4.5	3
TT Group	2	Oct 11	1	3	4

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. \$USM stock. ‡Unquoted stock. †Third market.

BOARD MEETINGS

Company	Date
Arclift Properties	July 27
Charles Nicholas & Coombs	July 28
Dunlop	July 28
Goring Kerr	July 28
Carson Interiors	July 28
Trust of Property Shares	July 28
Vesta Investment Trust	July 28
Arclift	July 28
Arclift (Shirley G)	July 28
Bertram	July 29
Equinox (Robert H)	Aug 2
Equinox Property Trust	Aug 2
Smith (David G)	July 28

July 19 1988

UK COMPANY NEWS

Whitecroft raises £34m by selling builders' merchants

By David Waller
WHITECROFT, an industrial holdings group with interests ranging from specialist textiles to lighting, is selling its builders' merchants arm to Needwood Holdings, a private company, for £34m cash. Operating from a chain of 26 UK outlets, the builders merchant business contributed £2.3m - more than twice the previous year profit - to the group's pre-tax profits of £12.1m in the year to April. Turnover was £53m, and net assets stood at £13.6m at the year end. Although the builders merchant was then regarded as the Whitecroft's "star performer", the company said yesterday that better margins and cash

AGB shares suspended as talks with MAI progress

By Philip Rawstorne
SHARES IN AGB Research, Britain's largest market research company, were suspended yesterday as the company negotiated plans for its future with MAI, the money-broking and advertising group. The talks are understood to have been precipitated by the loss of AGB's "people meter" television audience measurement service contract with the US network, CBS. MAI was the largest outside investor in the AGB project which has lost an estimated £40m in a fierce market battle with the established TV researcher, Dun and Brad-

street-owned AC Nielsen, during the past year. AGB, which is headed by Sir Bernard Andley, who is also a member of the MAI board, declined to expand yesterday on its announcement that it was in "advanced negotiations" which would have "a material effect on the nature and scope of the company's business." Ms Ann Burdus, an AGB director, said that a full statement on the outcome of the negotiations would probably be made before the end of the week. There has been speculation for some time that MAI, which already holds a near 9 per cent

stake in AGB, was preparing to play a much bigger role in AGB's business. One possibility understood to be under discussion is for MAI to inject its US market research division, Mediemark Research, into AGB in return for a much increased stake and management control. But AGB could face fall bids for the company from other sources. Nielsen, itself, may be tempted, and there has been speculation that both Mr Martin Sorrell's WPP group, and Reed International, could be interested in a takeover. At the suspension price of 22p, AGB has a market capitalisation of nearly £36m.

DRG sells its paper sacks outfit for £14m

By Maggie Urry
DRG, stationary, packaging, office and print supplies group, is selling its paper sacks business for £14m in cash to Koranas, a Swedish paper company. The assets being sold are valued at less than £5m. The business, which has about 20 per cent of the UK paper sacks market, made pre-tax profits of about £500,000 in 1987, on sales of £25m. The sacks are used as packaging, of, for example, tea, potatoes, beet and milk powder. Mr Moger Woolley, chief executive, said DRG was selling the operation because the market had been declining for some years. DRG's future in packaging lay in growth areas, he said. In recent months DRG has spent more than £1m both reorganising its paper sacks business onto one site in Northfleet, Kent and reducing the workforce to 400. Both will be completed by the time the deal goes through in early September. Koranas, which has two other paper sacks businesses in the UK utilising paper it makes in Sweden, will see the benefit of DRG's work in significant cost savings. DRG's sacks business uses about 25,000 tonnes of paper each year, and, Mr Woolley said, it made more sense for the operation to be owned by a paper maker. Mr Woolley said the proceeds of the sale would be put towards DRG's £50m-plus capital expenditure programme and acquisitions. He also confirmed that the Kuwait Investment Office had sold 4m DRG shares, reducing its 10 per cent stake to just over 6 per cent. He said he did not know who had bought the shares, and that DRG had not been notified of any new 5 per cent stakeholder.

Babygro takes £4.3m bid from Robt Lowe as losses top £1.7m

By Alice Rawstorne
BABYGRO HOLDINGS, the troubled baby and children's wear manufacturer, has agreed to a £4.3m share exchange bid from the Robert Lowe leisurewear group. This is little more than a third of its value when it went public a year ago. The Babygro share price slumped by 25p to 40p on the bid announcement yesterday and the disclosure of pre-tax losses of £1.7m in the first half, compared with profits of £400,000. The losses reflect problems of surplus capacity since last autumn when children's wear sales became sluggish and imports escalated. Mr Derek Hill, Lowe's chief executive, said that together the two companies could become "a significant force within children's and leisurewear" and that he expected Babygro to return to profit in the next financial year. Babygro, which has become

a generic term for the all-in-one baby suits that bear its name, was founded in the early 1980s in a disused school house in a Scottish mining village. It expanded rapidly until the early 1980s when, like many other clothing companies, it fell into losses. It returned to profit after a management buy-out in 1985 and was capitalised at £11.6m when it went public last summer. Babygro has invested heavily in new capacity, opening two new factories in recent years. But the combination of sluggish sales and increasing imports since last autumn have dampened demand from its retail customers. It has since suffered from rising stocks, under-utilised plant and rising costs. Sales rose to £9.3m (£8.7m) in the six months to May 1, but a trading loss of £1.5m (profit £50,000) at the end of last month Babygro closed one of its facto-

ries in the Irish Republic, with the loss of 175 jobs. Mr Eric Peacock, chairman, said the board had decided the company's future would be more secure within a larger group. Lowe, advised by Rickitt Mitchell, is offering three of its new shares - up by 1p to 194p yesterday - for every 14 Babygro shares. Together the two companies will have combined sales of about £46m and a workforce of 2,500. Mr Hill said the new group will be able to offer better resources to the retail multiples - two fifths of its sales will go to Marks and Spencer and Storehouse - and that it should benefit from improved purchasing power. He said that Babygro will be restored to profit by a combination of improved financial controls and capacity cuts. It is likely that one of the two companies' ten factories will be closed.

Pension side boosts Sun Life

By Eric Short, Pensions Correspondent
BUOYANT PENSION business provided much of the new business growth for Sun Life Group in the first half of this year, which overall saw new annual premiums up by a fifth from £31.5m to £38.1m. However, single premium business dropped nearly one-half from £390m to £215m. New annual premiums from company pension business climbed 40 per cent from £8.4m to £11.9m, all this coming from group money purchase schemes - this latter business reflecting the effect of the Government's pension changes. Single premium payments almost doubled from £5.8m to £11.1m. The group is currently pro-

cessing a considerable number of company money purchase schemes which, on completion, will produce over £10m of new regular premiums. Sun Life also participated in the pre-July sales boom of self-employed pension contracts, before these were replaced by the new style personal pensions. New annual premiums rose by half from £2.7m to £4.1m, though single premiums declined over the period from £19.7m to £18.7m. The group also experienced a decline in individual pensions business for directors and executives, with new annual premiums down from £12m to £11.1m and single premiums dropping from £46.4m to £36.6m.

Regular premium life business was also buoyant over the half-year, rising by a third from £8.4m to £11.1m. However, single premium life business and unit trust sales declined dramatically in the first half of 1988. Linked-life bond sales were slashed from £292.9m to £98.4m, though the figures for last year were boosted by the record £221.2m sales of the group's Anniversary Bond. The group's unit trust sales, in common with the general trend in the industry, suffered from the effects of last October's stock market crash on investor confidence. Sales totalled just £35.5m against £126.8m in the first half of 1987.



Tom Weatherby, chairman of Whitecroft

flow could be found on the manufacturing side of the building products market. Whitecroft already makes specialist doors and uPVC windows, and has recently moved into textured coatings for home improvement with the £5.4m acquisition of Wellcote. The aim is to use the divestment proceeds to expand in these and other building products markets, although acquisitions and investment in the group's other activities have not been ruled out. Shares in Whitecroft, one of the first companies to fight off a bid from Hanson Trust (in 1976), added 7p to close at 309p yesterday.

Mixed first half for L and M

By Eric Short
A MIXED pattern of new business in the first six months of 1988 was reported by London and Manchester Group, Exeter-based insurance company. New annual premiums rose nearly 60 per cent from £12.24m to £19.23m, most of the growth coming from pension business. But single premium business, suffering from the aftermath of Black Monday, declined by more than one-third from £38.28m to £24.04m.

The growth in new annual premium business was achieved across all three operating divisions of the group. In the life broker division, new annual premiums rose 45 per cent to £7.1m, much of this increase coming from buoyant sales of self-employed pension contracts. However, single premium business declined by a third to £11.1m. New annual premiums from ordinary branch business in the home service division dou-

bled to £3.5m, but new annual premiums in the industrial branch were static at £3.2m. Spectacular progress was achieved in the pensions division following the implementation of the Government's radical pension changes. Sales of the relaunched flexible group money purchase scheme, COMPASS, led the pensions sales boom which saw new annual premiums more than double to £5.4m.

Jarvis Porter, label and packaging printer, is acquiring Brookside Design, a supplier of backing cards for skin and blister packaging, for £2.15m in cash.

First purchase by Designers

By Andrew Hill
COMPANY OF DESIGNERS is extending its range of disciplines and geographical coverage with the purchase of Sibley Robinson, Cambridge-based consulting engineer, for a maximum of 54m in shares. It is the group's first acquisition since coming to the USM in October. There is an initial payment of £1.81m with further payments dependent on profits up to September 1988. Some 2.03m


new ordinary shares will be issued to fund the acquisition, of which 1.31m, a little more than 10 per cent of the enlarged share capital, will be retained by the vendor, the balance being placed with institutional investors. Company of Designers, which grew from a linked federation of architectural practices, has been seeking to broaden its geographical base and design repertoire.

Mr John Taylor, chairman, said yesterday that this acquisition would allow the group, which already has a small architectural practice in Ipswich, to establish itself in East Anglia. In the longer term, he added, the group might acquire a corporate and graphic design company, reversing the trend of acquisitive design consultancies, such as Fitch & Company, which are buying architects.

SHARE STAKES

Changes in the following company share stakes have been announced:
Moorgate Investment Trust - Bylock Investments has purchased 2.83m shares (20.69 per cent).
General Consolidated Investment Trust - Bylock Investments has purchased 4.05m capital shares (22.36 per cent) increasing its holding in the capital shares to 22.98 per cent.
Bredon - Evered has acquired 300,000 shares representing 2.13 per cent and now controls 8.32 per cent.
Chamberlain and Hill - Greene and Co Discretionary Unit Fund holds 806,000 shares (2.8 per cent).
Hey & Croft - North East Essex Building Co holds 615,000 shares (8.15 per cent).
Union Discount Company of London - Kuwait Investment Office has reduced its holding to 1.67m stock units.
Optical & Medical International - Mercury Asset Management has acquired 1.31m shares, lifting its holding to 8.4m (19.46 per cent).
Hartwell Cresscombe is now beneficial holder of 9.9m shares (12.57 per cent).
Kunick - Electra Investment Trust has sold 10m shares and now controls 10.36m shares (10.62 per cent).
Linlead - Anochrome Holdings has acquired 175,000 shares taking its total holding to 1.21m (10.57 per cent).
Horaby Group - Charterhall holds 725,000 shares (9 per cent).
Cainford Engineering - Markeath Securities is interested in 1.34m shares. Following companies have a notifiable interest in these shares, representing 7.05 per cent - Adstream Finance and Investment, David Jones, David Jones (Australia), David Jones Finance and Investment, Sidney Cooke, Sidney Cooke Investment and Adelaide Steamship (UK).

This announcement appears as a matter of record only. It does not constitute or contain an offer or invitation to any person to subscribe for or purchase any securities of Norsk Hydro a.s.



Norsk Hydro a.s

(A Norwegian Company)

Global Offering of Rights to Subscribe for 17,116,164 Ordinary Shares

Subscription Price NOK 150 Per Share

<p>Rights to Subscribe for 6,386,494 Ordinary Shares</p> <p><i>This portion of the offering was underwritten outside the United States by the undersigned.</i></p> <table border="0" style="width: 100%;"> <tr> <td>Goldman Sachs International Corp.</td> <td>SBCI Swiss Bank Corporation investment banking</td> <td>Daiwa Europe Limited</td> </tr> <tr> <td>Amsterdam-Rotterdam Bank N.V.</td> <td>Banque Paribas Capital Markets Limited</td> <td>Christiania Bank</td> </tr> <tr> <td>Bergen Bank</td> <td>Deutsche Bank Aktiengesellschaft</td> <td>Kleinwort Benson Limited</td> </tr> <tr> <td>Enakilda Securities</td> <td></td> <td></td> </tr> <tr> <td>Algemene Bank Nederland N.V.</td> <td>Banque Indosuez</td> <td>Barclays De Zoete Wedd Limited</td> </tr> <tr> <td>Commerzbank Aktiengesellschaft</td> <td>County NatWest Limited</td> <td>Crédit Commercial de France</td> </tr> <tr> <td>Credit Suisse First Boston Limited</td> <td>Dresdner Bank</td> <td>Fondedfinans a.s. - Generale Bank</td> </tr> <tr> <td>Kanablis Banking Group</td> <td>LTCB International Limited</td> <td>McLeod Young Weir Limited</td> </tr> <tr> <td>Morgan Grenfell Securities Limited</td> <td>The Nikko Securities Co., (Europe) Ltd.</td> <td>PKbanken</td> </tr> <tr> <td>N. 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Global Co-ordinator
Goldman Sachs International Corp.

The Kingdom of Norway subscribed for the 8,729,670 Ordinary Shares to which it was entitled, and these shares were not underwritten.

June 1988

COMMODITIES AND AGRICULTURE

Hawke in crisis meeting on coal exports

By Gerard McCloskey in London and John Van Os in Sydney

MR BOB HAWKE, the Australian prime minister, is due to sit down for a crisis meeting tomorrow with Mr Nick Greiner and Mr Brian Austin, the New South Wales and Queensland premiers, to try to unscramble the mess into which the country's coal export industry has sunk.

Two national miners' strikes have stopped all coal production in three of the last four weeks and the industry faces the prospect of more disruption over the weeks ahead.

Even if the next few weeks pass without further disruption it will be months before new coal purchases from Australia will be easy to come by.

LME change has its critics

By Kenneth Gooding, Mining Correspondent

THE LONDON Metal Exchange's decision to bow to customer pressure and increase the number of prompt, or delivery, dates for a 6-month trial period was not universally acclaimed by exchange members yesterday.

September 1. However, some exchange members suggested yesterday the change could have entirely the opposite effect to that intended and reduce liquidity and increase price volatility.

It was generally agreed that the liquidity problems, particularly of the flagship copper contract, were bound to ease in coming months as more metal became available.

US may have to raise sugar imports

By Deborah Hargreaves in Chicago

SPECULATION surfaced again yesterday that the US Department of Agriculture will be forced to raise next year's sugar import quota because of drought-damage to the US sugar beet crop.

With worldwide sugar export stocks tight, any increase in US imports could push world prices even higher than their current levels. In spite of recent setbacks, domestic sugar futures prices in New

York have soared above the US price support level of 18 cents per lb.

Tin stocks run-down on schedule - ATPC

By Wong Sulong in Kuala Lumpur

THE ASSOCIATION of Tin Producing Countries has said that exports by its seven members are within quotas of its supply rationalisation scheme, and the world's tin overhang, which stood at 47,600 tonnes last April, should be depleted within the anticipated 2-year time frame.

The tin price on the Kuala Lumpur market yesterday fell by 15 cents to 18.88 ringgit a kilogram, which is 1.5 ringgit higher than prices at the start of the year.

'Beating ploughshares into golf clubs'

Sir Geoffrey Howe, Britain's Foreign Secretary and a fervent supporter of freer trade in agriculture, declared last week that one of the ways to cure the world of the ills of subsidised farming was to "start beating ploughshares into golf clubs."

Speaking of the negotiations aimed at a revised General Agreement on Tariffs and Trade in Geneva, he urged all advanced countries to discover ways of promoting the health of their rural communities which did not depend on the artificially-protected production of food surpluses.

He went on to instance the impressive reduction in EC dairy intervention stocks: the declining butter mountain, which had shrunk by almost half in the year to April and advanced milk powder stocks, which were down by 87 per cent.



FARMER'S VIEWPOINT

Announcing details of the new grants, Mr John MacGregor, the Minister of Agriculture, suggested the types of enterprise which would be eligible. They ranged from off-farm processing of produce to pick-your-own; from craft work to catering.

Indeed a couple of months ago Mr MacGregor claimed that off-farm income made up 40 per cent of UK farmers' total returns. The National Farmers' Union responded by pointing out that less than half of this came from other trades or earnings and that much came from pensions and investments.

all proportion to their relevance or potential. Most enjoy a brief period of intense interest and high profits for their originators before the necessary limited new markets become oversupplied.

The truth is that while diversification will undoubtedly make sense for a tiny minority of farmers who happen to be first onto an idea or who live close to an exploitable population, the rest of us will have to do our best to make a living from producing cereals, sugar beet, milk and meat.

MacGregor urges action on set-asides

By Bridget Bloom

BRITAIN, West Germany and the Netherlands are the only countries formally to have met the European Community's deadline for introducing nationwide voluntary set-asides to take land out of agricultural production.

All EC governments were required to introduce set-aside proposals by July 14. In time to affect next season's planting decisions by farmers. The Commission has laid down common rules, but has allowed member states to vary compensation payments to farmers.

'Green' drachma row still holding up price package

By Tim Dickson in Brussels

THE EUROPEAN COMMISSION was last night showing little sign of conceding Greek demands for a more substantial devaluation of the Green drachma.

price package for the last two and half weeks, again dominating yesterday's meeting of EC farm ministers in Brussels.

devaluation which would boost local farm incomes but cost the EC budget an estimated additional Ecu 70m (265m).

countenance no further compromise.

WORLD COMMODITIES PRICES

LONDON MARKETS

Table of London Market prices for various commodities including Copper, Tin, Lead, Zinc, and various oils.

COCCA OILS

Table of Cocco Oil prices for various grades and origins.

LONDON METAL EXCHANGE

Table of London Metal Exchange prices for various metals like Aluminium, Copper, Lead, Zinc, and Tin.

SOYABEAN MEAL

Table of Soyabean Meal prices for various grades.

NEW YORK

Table of New York market prices for various commodities.

COFFEE

Table of Coffee prices for various grades and origins.

WHEAT

Table of Wheat prices for various grades and origins.

LIVE CATTLE

Table of Live Cattle prices for various grades and origins.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite intervention

CO-ORDINATED INTERVENTION by G7 and EC central banks restricted the dollar's rise yesterday, but the US unit still finished sharply firmer.

Traders were anxious to cover short positions after last Friday's gains, but expected US trade figures. Some had held back, hoping for intervention by the Bank of Japan, but the latter was conspicuous by its absence, and although the dollar's rise continued, it was weaker against the yen after a rise in short term Japanese Treasury bill rates.

Dealers suggested that the Bank of Japan is unlikely to intervene in currency markets just yet, but that a rise in domestic interest rates helped to underpin the yen.

However, the dollar's underlying trend remained upward. Weekend comments suggesting that the dollar's rise was tenuous, if based solely on better US trade figures, appeared to have little lasting effect. Some analysts suggested that the US authorities were unlikely to join in co-ordinated central bank intervention on a large scale for fear of pushing the dollar weaker in the run up to November's Presidential election.

The dollar closed at DM1.8820 from DM1.8760 and SF1.5625 compared with SF1.5545. It was also higher against the French franc at

FFr6.3425 from FFr6.3250 but slipped against the yen to Y154.70 from Y155.25. On Bank of England figures, the dollar's exchange rate index was unchanged at 99.4.

Starting finished at its best level of the day, helped by a half point rise in UK base rates. News of a 0.4 p.c. rise in UK June retail sales was a little below expectations, but still gave an annualised increase over the past three months of 6.5 p.c.

This underlined recent concern over the pace of economic growth and its effect on the rate of inflation. The pound finished higher against a stronger dollar, which meant a marked improvement against its European partners to DM3.1200 and FFr10.5875 compared with FFr10.6200. It was also higher against the Swiss franc at SF1.5625 compared with SF1.5545. It was also higher against the French franc at

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On Bank of England figures, its exchange rate index rose to 75.1 from 74.9 at the opening and 74.8 on Friday.

The dollar's performance in Frankfurt was governed to a greater extent than normal by Bundesbank intervention. The effect of central bank's intervention lasted only until the close of business in Frankfurt, but was effective while it lasted as the authorities sold dollars on the dips, rather than fighting an upward trend.

Suggestions that West German interest rates may be pushed firmer added some measure of support to the D-Mark.

However, the D-Mark performed badly elsewhere. It dropped to a record low benefited from a general D-Mark weakness and higher Japanese domestic rates.

The D-Mark's one bright spot was its improvement against the French franc.

FINANCIAL FUTURES

Firmer pound restricts losses

SHORT STERLING contracts recovered from the day's lows in yesterday's life market after only a half point rise in UK base rates. Futures prices, and cash rates, had started the day discounting a full one point increase in base rates, and so the half point increase encouraged investors to buy back into sterling futures.

Despite this, sentiment remained less than bullish. UK retail sales rose slightly less than expected, while PSBR for June was flat against expectations of a firm pound and a revival in oil prices also helped to underpin sentiment.

However sentiment is more likely to be influenced by tomorrow's UK money supply figures. Bank lending is expected to rise sharply as mortgages are arranged to beat the tax advantages due to end in August.

Long term gilt prices opened weaker but finished slightly up on the day. Dealers suggested that the authorities decision to push rates firmer helped to allay fears about rising inflation. A firmer pound and a revival in oil prices also helped to underpin sentiment.

The September long gilt opened lower at 88.29, down from 94.01, but recovered to finish at 94.04, up from a low of 88.18.

US Treasury bond prices finished on a weaker note. A firmer Federal funds rate and failure to break through resistance levels tended to take the edge off investor demand. The September price slipped to 85.27 at the close, having opened at 86.10, up from 86.04 on Friday.

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EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, Vol, Last, Stock. Includes data for GOLD C, SILVER C, and various European stock options.

BASE LENDING RATES

Table listing base lending rates for various banks and currencies, including ABN Bank, City Merchants Bank, and NatWest.

STERLING INDEX

Table showing Sterling Index values for July 18 and 19, 1988, with columns for 1 month, 3 months, and 6 months.

CURRENCY RATES

Table showing currency rates for various countries including US Dollar, Swiss Franc, and Japanese Yen.

CURRENCY MOVEMENTS

Table showing percentage changes in currency rates for various currencies.

OTHER CURRENCIES

Table showing exchange rates for various other currencies like Argentine, Australian, and Canadian.

EXCHANGE CROSS RATES

Table showing cross rates between major currencies like DM, Yen, and Sfr.

MONEY MARKETS

Rates discount further rise

THE HALF point rise in base rates yesterday was the latest extension of the Bank of England's tightly controlled approach to the market's clamour for a full point rise.

Reaction to a further increase in inflation and evidence of a rise in retail sales, pushed interest rates up sharply in early trading, to discount at least a one point rise in base rates.

The hike in base rates followed a decision by the authorities to lend money to the discount houses at 10 1/2 p.c. After

of Treasury bills draining 2576m, Exchange transactions accounted for a further 2110m. England's equity market's approach to the market's clamour for a full point rise.

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FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for 3 months and 6 months US dollars.

MONEY RATES

Table showing money rates for Treasury Bills and Bonds.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms.

Company Notices

Company notice for RANDFONTEIN ESTATES GOLD MINING COMPANY, Witwatersrand, Limited, regarding dividend payment.

Company Notices

Company notice for FIRST AUSTRALIA PRIME INCOME INVESTMENT COMPANY LIMITED, regarding dividend payment.

Company Notices

Company notice for UNION DES BANQUES ARABES ET FRANCAISES, regarding interest rate.

Company Notices

Company notice for ARAB CHEMICAL INDUSTRY LIMITED, regarding dividend payment.

WestLB

WestLB advertisement for Fixed Income and Equities Trading, providing contact information for various offices.

WestLB

WestLB advertisement for Financial Information Service on Japanese Corporate Issuers, featuring Mikun's Credit Ratings.

WestLB

WestLB advertisement for The new Commodities Telex Service from the Public Ledger.

WestLB

WestLB advertisement for Art Galleries, featuring COLNAGHI and other art exhibitions.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abnott Management Ltd, Aegon Unit Trust, and others, with columns for name, manager, and dates.

Table listing unit trusts including Anderson Grove Unit Trust, Anthony Winder Unit Trust, Arkwright Management, and others.

Table listing unit trusts including Brown Shiley & Co Ltd, Equitable Unit Trust, and others.

Table listing unit trusts including Guinness Mahon Unit Trust, Lendon & Manchester, and others.

Table listing unit trusts including M&G Securities, M&G Securities, and others.

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I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699 Reuters Code: IGIN, IGI0

FT 30 Jul. 1474/1483-27 Jul. 1838/1848-29 Jul. 2102/2114-20 Sep. 1476/1485-27 Sep. 1841/1851-28 Sep. 2110/2122-17

CROSSWORD No. 6,685 Set by QUARK

Crossword puzzle grid with numbers 1-31 indicating starting positions for clues.

- 1 Confer distinction on in time (6)
2 Store ice crushed. (That's cryptic) (6)
3 Pipe with cords in we hear (6)
4 How mice could become another dish (4,4)
5 Long journey returning in darker territory (4)
6 Specialised language head dismissed as gas (5)
7 Duck for the lowest reading on scale (4)
8 Meditocr course? (3,3,4)
9 Random sample of angry group (6,7)
10 I get teacher to come back for a flower (4)
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12 Fly - an insect, one hears (4)
13 See a part that's mixed yet detached (8)
14 About to get in a twist? Kick back! (6)
15 She gets a reward from the House (6)
16 Flat turner on one side of pitch (3-3)

RESTRAINT PAID AT THE MAJESTIC BOARD PIKE STAFFS FOUNDATION... SOLUTION TO PUZZLE NO. 6,684

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- 5 Being in form he stole march so (after training) (12)
6 Heavy bow coming up (Scottish punishment) (4)
7 Jacket for midshipman (6)
8 Meaningless speech about place in China? (6)
9 Organised to best effect, so scored (12)
10 Intensely interested with a strong passion (5)
11 Coal left in fire (5)
12 Account for a stroke when getting cutter (8)
13 I'm not above carpeting when flooded (8)
14 Part of bulletin's element - carry it's little value (6)
15 Apple has it so it's said (6)
16 Morale putting me off for the exam? (4)
17 Turn now one over to begin again (4)

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GUIDE TO UNIT TRUST PRICING
The data included under the Authorised section of the FT Unit Trust Information Service is being included to improve the service to readers and to conform with new legislation.

July 19 1988

FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various insurance and unit trust companies, including columns for company names, share prices, and other financial metrics.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'UK LISTED'.

Handwritten note: 10/11/88

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, Price, and Yield.

LONDON SHARE SERVICE

Table of London Share Service listing British Funds, Foreign Bonds & Rails, and Americans with columns for Name, Price, and Yield.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds listing various offshore investment funds with columns for Name, Price, and Yield.

Table of Money Market Trust Funds listing various money market funds with columns for Name, Price, and Yield.

Table of Money Market Bank Accounts listing various bank accounts with columns for Name, Price, and Yield.

UNIT TRUST NOTES: Information regarding unit trust regulations and investor responsibilities.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies such as American Express, American International, and American Overseas, with columns for stock price, bid, and offer.

CANADIANS

Table listing Canadian companies such as Canadian National, Canadian Pacific, and Canadian Tire, with columns for stock price, bid, and offer.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies such as Bank of Montreal, Bank of Toronto, and Finance Trust, with columns for stock price, bid, and offer.

BUILDING, TIMBER, ROADS - Contd

Table listing construction and infrastructure companies such as Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease, with columns for stock price, bid, and offer.

ELECTRICALS

Table listing electrical engineering and services companies such as Electrical Services, Electrical Services, and Electrical Services, with columns for stock price, bid, and offer.

ENGINEERING - Contd

Table listing engineering and design companies such as Engineering Services, Engineering Services, and Engineering Services, with columns for stock price, bid, and offer.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies such as Industrial Group, Industrial Group, and Industrial Group, with columns for stock price, bid, and offer.

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Table listing various industrial companies such as Industrial Group, Industrial Group, and Industrial Group, with columns for stock price, bid, and offer.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as Chemical Products, Chemical Products, and Chemical Products, with columns for stock price, bid, and offer.

FOOD, GROCERIES, ETC

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DRAPERY AND STORES

Table listing drapery and retail companies such as Drapery Stores, Drapery Stores, and Drapery Stores, with columns for stock price, bid, and offer.

HOTELS AND CATERERS

Table listing hotel and catering companies such as Hotel Services, Hotel Services, and Hotel Services, with columns for stock price, bid, and offer.

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BEERS, WINES & SPIRITS

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INSURANCES

Table listing insurance companies such as Insurance Group, Insurance Group, and Insurance Group, with columns for stock price, bid, and offer.

LEISURE

Table listing leisure and entertainment companies such as Leisure Group, Leisure Group, and Leisure Group, with columns for stock price, bid, and offer.

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Handwritten text: "July 19 1988"

LONDON SHARE SERVICE

LEISURE - Contd

Table of Leisure stocks including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of Paper, Printing, Advertising stocks including Paper, Printing, Advertising, etc.

TEXTILES - Contd

Table of Textiles stocks including Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of Oil and Gas stocks including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of Mines stocks including Mines, Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades stocks including Motors, Aircraft Trades, etc.

PROPERTY

Table of Property stocks including Property, Property, Property, etc.

TOBACCO

Table of Tobacco stocks including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

OVERSEAS TRADERS

Table of Overseas Traders stocks including Overseas Traders, Overseas Traders, etc.

PLANTATIONS

Table of Plantations stocks including Plantations, Plantations, etc.

Commercial Vehicles

Table of Commercial Vehicles stocks including Commercial Vehicles, Commercial Vehicles, etc.

Components

Table of Components stocks including Components, Components, etc.

Finance, Land, etc

Table of Finance, Land, etc stocks including Finance, Land, etc, etc.

MINES

Table of Mines stocks including Mines, Mines, etc.

Central Rand

Table of Central Rand stocks including Central Rand, Central Rand, etc.

Eastern Rand

Table of Eastern Rand stocks including Eastern Rand, Eastern Rand, etc.

Garages and Distributors

Table of Garages and Distributors stocks including Garages and Distributors, etc.

SHIPPING

Table of Shipping stocks including Shipping, Shipping, etc.

SHOES AND LEATHER

Table of Shoes and Leather stocks including Shoes and Leather, etc.

Oil and Gas

Table of Oil and Gas stocks including Oil and Gas, Oil and Gas, etc.

Central African

Table of Central African stocks including Central African, Central African, etc.

Finance

Table of Finance stocks including Finance, Finance, etc.

NEWSPAPERS, PUBLISHERS

Table of Newspapers, Publishers stocks including Newspapers, Publishers, etc.

SOUTH AFRICANS

Table of South Africans stocks including South Africans, South Africans, etc.

TEXTILES

Table of Textiles stocks including Textiles, Textiles, etc.

Regional and Irish Stocks

Table of Regional and Irish Stocks including Regional and Irish Stocks, etc.

Traditional Options

Table of Traditional Options including Traditional Options, etc.

Industrials

Table of Industrials stocks including Industrials, Industrials, etc.

A selection of Options traded in the UK on the Stock Exchange... This service is available to any company dealt in on the Stock Exchange throughout the United Kingdom for a fee of £940 per annum for each security.

LONDON STOCK EXCHANGE

Markets remain prey to interest rate worry as half point base rise brings losses in Gilts

Annual Dealing Dates table with columns for Fiscal Year, Options, and Last Dealing dates.

Another half point rise in UK base rates proved disconcerting for the London securities markets...

Early losses in equities were reduced as the leading banks lifted their lending rates to 10.5 per cent...

Government bonds were more active than equities. Short dated opened sharply off, but steadied later...

Equities opened sharply lower and extended their losses as the market awaited the base rate move...

recover last ground in 1989 with sterling back to \$1.70 by the middle of the year...

However, James Capel in his latest review of the equity market says that over the past two months, we have had more bad news than the market has had...

The significant feature, yet again, was the lack of business in equities. With the exception of oil shares, which sprang to life on the news that Iran had accepted a one-way ticket on the dollar...

Government bonds were more active than equities. Short dated opened sharply off, but steadied later to close with yields in line with the new 10.5 per cent base rate...

FINANCIAL TIMES STOCK INDICES

Table of stock indices including Government Securities, Fixed Interest, Ordinary, and Gold Mines, with columns for July 18, 19, 20, 21, 22, and Year Ago.

Day's High 1490.2, Day's Low 1479.2. Opening 1490.1, 10 a.m. 1488.3, 11 a.m. 1480.7, 12 p.m. 1482.8, 1 p.m. 1480.1, 2 p.m. 1480.0, 3 p.m. 1479.5, 4 p.m. 1483.6.

Day's High 1490.2, Day's Low 1479.2. Basis 100 Gvt. Sec. 15/10/25, Fixed Int. 1/25, Gold Mines 12/9/55, S.E. Activity 1974, NII 10-58.

LONDON REPORT AND LATEST SHARE INDEX: TEL 0888 123001

predict an immediate counter-bid at the 475p level. AB Foods was mentioned as a possible bidder and this was given considerable credence...

Equities opened sharply lower and extended their losses as the market awaited the base rate move. The FT-SE 100 index was 122.07 at 10.45.100, still uncomfortably short of the 1800 mark...

Peacocks was the highlight of a property sector unminged by interest rate worries, after West-Elmhurst, the Dutch company which announced that it held a 10.4 per cent stake in Peacocks last week offered 612p cash for the remaining shares...

Business in commodities was again at minimal levels with Guardian Royal Exchange unchanged at 187p after the share split from 25p nominal to 10 nominal...

International stocks were unexciting, with dealers marking prices down, but doing little business. Beecham held up well, shading 1p to 477p, while Wyeth shed 6p to 259p.

Shares also traded on a more lively note than most. Interest was enhanced by prospects for the group's latest drug Flomax, which had been in the pipeline for some time...

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns for Index No., Day's Change, and various sub-sections like Building Goods, Contracting, etc.

FIXED INTEREST

Table of Fixed Interest rates including British Government, 5 years, 10 years, and various other instruments.

LONDON TRADED OPTIONS

Table of London Traded Options with columns for Option, Calls, Puts, and various stock options like Allied Lyons, Biff. Airways, etc.

RISES AND FALLS-YESTERDAY

Table of Rises and Falls Yesterday showing price changes for various categories like British Banks, Corporate, etc.

LONDON RECENT ISSUES

Table of London Recent Issues listing various companies and their share prices.

FIXED INTEREST STOCKS

Table of Fixed Interest Stocks listing various government and corporate bonds.

RIGHTS OFFERS

Table of Rights Offers listing various companies and their rights issues.

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WORLD STOCK MARKETS

Table of world stock markets including sections for Austria, France, Germany, Netherlands, Sweden, and Switzerland. Each section lists various stocks with their prices and changes.

CANADA

Table of Canadian stock markets including sections for Toronto, Montreal, and various regional markets. Lists stock prices and changes.

JAPAN

Table of Japanese stock markets including sections for various Japanese indices and individual stocks. Lists prices and changes.

OVER-THE-COUNTER

Table of over-the-counter stock markets including sections for Nasdaq national market and various OTC stocks. Lists prices and changes.

INDICES

Table of various stock indices including Dow Jones, Nikkei, and other regional indices. Lists values and changes.

CHIEF LONDON PRICE CHANGES YESTERDAY

Table of chief London price changes for various commodities and currencies. Lists price changes.

Have your F.T. hand delivered in Norway

Advertisement text for F.T. magazine delivery in Norway, mentioning financial centers and subscription information.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York, listing various stocks and their prices.

Have your F.T. hand delivered in Lisbon & Porto

Advertisement text for F.T. magazine delivery in Lisbon and Porto, mentioning financial centers and subscription information.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3:27 prices July 19

Main table of stock prices with columns for '10 Month High Low Stock', 'A-A-A', '20 Stock', '30 Stock', '40 Stock', '50 Stock', '60 Stock', '70 Stock', '80 Stock', '90 Stock', '100 Stock', '110 Stock', '120 Stock', '130 Stock', '140 Stock', '150 Stock', '160 Stock', '170 Stock', '180 Stock', '190 Stock', '200 Stock', '210 Stock', '220 Stock', '230 Stock', '240 Stock', '250 Stock', '260 Stock', '270 Stock', '280 Stock', '290 Stock', '300 Stock', '310 Stock', '320 Stock', '330 Stock', '340 Stock', '350 Stock', '360 Stock', '370 Stock', '380 Stock', '390 Stock', '400 Stock', '410 Stock', '420 Stock', '430 Stock', '440 Stock', '450 Stock', '460 Stock', '470 Stock', '480 Stock', '490 Stock', '500 Stock', '510 Stock', '520 Stock', '530 Stock', '540 Stock', '550 Stock', '560 Stock', '570 Stock', '580 Stock', '590 Stock', '600 Stock', '610 Stock', '620 Stock', '630 Stock', '640 Stock', '650 Stock', '660 Stock', '670 Stock', '680 Stock', '690 Stock', '700 Stock', '710 Stock', '720 Stock', '730 Stock', '740 Stock', '750 Stock', '760 Stock', '770 Stock', '780 Stock', '790 Stock', '800 Stock', '810 Stock', '820 Stock', '830 Stock', '840 Stock', '850 Stock', '860 Stock', '870 Stock', '880 Stock', '890 Stock', '900 Stock', '910 Stock', '920 Stock', '930 Stock', '940 Stock', '950 Stock', '960 Stock', '970 Stock', '980 Stock', '990 Stock', '1000 Stock'.



Article text discussing market conditions, starting with 'The market...'. The text is partially obscured by the table and is difficult to read due to the high density of numbers in the table above it.

Vol. 101/15

July 19 1988

FINANCIAL TIMES TUESDAY JULY 19 1988 NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for 12 Month High, Low, Stock, Div. Yld., 52 Week High, Low, Close, and Change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for 12 Month High, Low, Stock, Div. Yld., 52 Week High, Low, Close, and Change.

OVER-THE-COUNTER

Table of Over-the-Counter prices listing various stocks with columns for 12 Month High, Low, Stock, Div. Yld., 52 Week High, Low, Close, and Change.

Advertisement for Financial Times magazine featuring the headline 'Have your F.T. hand delivered in Germany' and contact information for Frankfurt and Athens.

Continued on Page 37

WORLD STOCK MARKETS

Trading monopolised by 25 leading stocks

AMERICA

Increase in oil price fuels persistent inflation fears

Wall Street

THE PROSPECT of rising prices and interest rates continued to unsettle US financial markets yesterday with the chance of a settlement of the Iran-Iraq war adding to inflationary fears, James Buchanan writes from New York.

capacity in US industry. The federal government reported that US factories, utilities and mines operated at 83.1 per cent of capacity in June as against 82.9 per cent in May.

are not meaningful because of special provisions. Among the banks reporting yesterday, J.P. Morgan fell 3/4 to 37 3/4, Chase Manhattan dropped 3/4 to 32 3/4, and Manufacturers Hanover fell 3/4 to 32 3/4.

Deep leather sofas lend an appropriately easy-going air to the floor of the Brussels Stock Exchange - but the atmosphere was anything but relaxed earlier this year when Mr Carlo De Benedetti launched his bold if ultimately unsuccessful takeover bid for Societe Generale de Belgique.

MARKET PROFILE



Brussels

year was BFr2bn. Over-the-counter, or "off board", trading volume is estimated at four to five times that on the exchange.

(Antwerp, Ghent and Liège) only Antwerp can boast any significant activity. The Brussels bourse is capitalised at about BFr1,900bn (\$48.7bn). But of the 437 shares listed (more than a third of them foreign) only about 50 are actively traded.

STOCK MARKET FACT CHART BRUSSELS

Table with market statistics for Brussels: Market capitalisation: BFr1,900bn (\$1=BF66.23), Number of shares listed: 437, Top 10 stocks: percentage of market: over 50%.

exchange have to be made through a broker - there are more than 250 of them - but banks are permitted by law to carry out transactions of more than BFr10m "off board" and are increasingly anxious to break the brokers' fiercely guarded monopoly.

EUROPE

Milan rally gathers pace with 2 per cent advance

GROWING concern over interest rates unsettled some European bourses yesterday, while others were lifted by the positive US response to the trade figures. A surge of demand sent Italy sharply higher, writes Our Markets Staff.

MILAN continued a rise that began to gather speed on Friday afternoon as the monthly trading account closed. Many leading stocks finished at or above Friday's levels despite going ex-dividend.

index closed 5.19 lower at 348.39. Volumes were estimated to be around or lower than FF7700m - just two weeks ago, turnover was three times that level.

ASIA

Falling yen sparks slide across the board

THE yen's slide against the dollar to a low for this year was the main factor behind a sharp slide across the board in Tokyo yesterday, writes Shigen Nishizaki of Jiji Press.

busiest with 62.8m shares, firming Y30 to Y1,080. Hitachi Y80 to Y1,780 and Mitsubishi Electric Y12 to Y976. Demand was fuelled by tight supply in computer microchips.

Roundup

AUSTRALIA reached a post-crash high in improved turnover as economic news, a stronger gold price and Wall Street's gains on Friday combined to draw foreign and domestic buyers.

THE 7 cents to A\$2.68. The buyer was reported to be Bond Corporation, which was actively purchasing on Friday after winning the go-ahead to raise its then 19.9 per cent stake. Bond itself rose 5 cents to A\$2.30 after a 12 cent jump on Friday.

LONDON

NEWS of a half point increase in base rates led to small rally, but concern that the rate rise was not large enough left prices lower in this trading. The FT-SE 100 index lost 12.2 to 1,849.3 despite some strength in oil shares on ceasefire proposals in the Gulf war.

FRANKFURT fell back in a bout of interest rate jitters following the dollar's rise in the wake of the US trade deficit which led to a falling dollar. The DAX index shed 11.33 to 1,179.74 in fairly low volume of DM2.7bn.

ZURICH edged higher, helped by the US trade figures and expectations of good six-month statements this week, which particularly benefited the banks.

AMSTERDAM ended mixed after central bank intervention to dampen the dollar undermined sentiment. The CBS trend index eased 0.4 to 95.6 in fairly low turnover. KNP added 20 cents to Fl 158.20 after announcing the sale of its paper wholesale interests.

High-tech and giant-capital stocks opened firmly, reflecting the improvement in the US trade imbalance, but later lost upward momentum on small sell-off.

DEMAND for large-capitals continued, and Nippon Steel headed the most active list, with 141.4m shares traded. It closed Y10 higher at Y754 on late buying. Other steels moved lower, with NKK weakening Y5 to Y715 and Kobe, Steel Y4 to Y715.

Advertisement for Girobank and Coutts & Co. Girobank announces that with effect from close of business on 18 July 1988 its Base Rate was increased from 10% to 10.5% per annum. Coutts & Co. announce that their Base Rate is increased from 10.00% to 10.50% per annum with effect from the 18th July 1988 until further notice.

FT-ACTUARIES WORLD INDICES

Table with columns for National and Regional Markets, Monday July 18 1988, Friday July 15 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. Japan, World Ex. Japan (2016), World Ex. Japan (2017), World Ex. Japan (2018).

Advertisement for TSB Bank. With effect from the close of business on Monday 18th July 1988 and until further notice, TSB Base rate is increased from 10.00% p.a. to 10.50% p.a.

Advertisement for National Westminster Bank PLC. NatWest announces that with effect from and including Monday 18th July 1988 its Base Rate is increased from 10.00% to 10.50% per annum.

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987